

**10/31/77 [1]**

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**THE WHITE HOUSE**

**WASHINGTON**

**October 31, 1977**

**Stu Eizenstat  
Bob Lipshutz**

The attached was returned in the President's outbox and is forwarded to you for your information. The signed original has been given to Bob Linder for delivery.

**Rick Hutcheson**

**RE: TRANSATLANTIC ROUTE PROCEEDING  
Docket No. 25908**

**cc: Bob Linder**

THE WHITE HOUSE

WASHINGTON

*Patti - ch up Linder & see if  
he needs anything else signed  
on this  
order*

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<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	<input type="checkbox"/>	MOORE
<input type="checkbox"/>	<input type="checkbox"/>	POWELL
<input type="checkbox"/>	<input type="checkbox"/>	WATSON
<input type="checkbox"/>	<input type="checkbox"/>	LANCE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
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<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
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<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

THE WHITE HOUSE

WASHINGTON

October 31, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT  
BOB LIPSHUTZ

*Stu*  
*Bob*

SUBJECT: Civil Aeronautics Board Decision: Transatlantic  
Route Proceeding - Docket 25908

The Civil Aeronautics Board decided the Transatlantic Route Proceeding on October 21, 1977. The decision awards air rights to US carriers on US-Europe flights for the next five years, and opens up many new gateways for direct service, including Atlanta, Houston, Minneapolis, and Dallas-Fort Worth.

The case was previously decided in July 1976 but President Ford sent it back to the CAB until the Bermuda II agreement relating to international air rights was negotiated with Britain. That agreement was reached last summer; this decision modifies the previous Board order to conform to changes required by the agreement.

The decision before you involves only one portion of the case -- the designation of US carriers to serve existing US gateways. At this time, 8 US cities are served to London by 2 competing US carriers. Bermuda II reduces the number of cities which may receive such competitive service from 8 to 2.

Bermuda II requires the US to indicate by November 1, 1977, 1) which 2 cities will receive competitive service; and 2) which carriers will serve existing gateways to London. The portions of the decision relating to new gateways are still being studied by the agencies and will be sent to you within a week.

1. Designation of 2 Cities to Receive Competitive Service.

Today, 8 cities are served to London by both TWA and Pan Am: Los Angeles, San Francisco, Chicago, Detroit, Philadelphia, Washington, New York and Boston. The CAB chose New York and Boston to continue receiving competitive service. New York is the dominant gateway to Europe, and is not a controversial selection. There was general agreement during

argument before the Board that the second choice lies between Los Angeles and Boston.

While the Board did not have time to make a final decision, it designated Boston on an interim basis because Boston-London is now served by both Pan Am and TWA, while Los Angeles-London is being served by only 1 carrier. (The Board will make its final solution early next year.)

Although the Departments of State and Transportation would prefer that Los Angeles be the ultimate selection, they and other interested agencies have no objection to the Board's recommendation that New York and Boston be selected on an interim basis. Speaker O'Neill and Senator Javits have contacted us and urged us to approve the Board's decision. We have not received comments from any other members of Congress.

We recommend that you approve the decision.

Approve ✓  
(Sign the attached letter  
to Secretary of State Vance)

Disapprove \_\_\_\_\_

2. Carrier Selection at Existing Gateways. Pan Am and TWA agreed that Pan Am should be the exclusive carrier at Washington, Detroit, and San Francisco; and TWA at Philadelphia and Chicago. TWA was temporarily designated at Los Angeles.

The agencies have no objection to these designations and recommend that you approve them.

Approve ✓

Disapprove \_\_\_\_\_

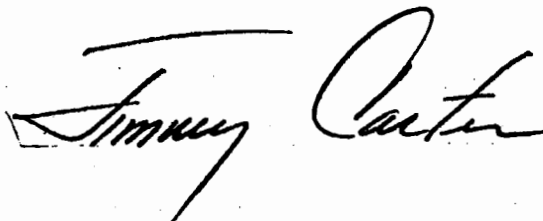
THE WHITE HOUSE

WASHINGTON

Dear Mr. Secretary:

I have reviewed the Civil Aeronautics Board's recommendation that Pan American World Airways and Trans World Airlines be designated as non-stop London carriers at New York and Boston on an interim basis. I approve the Board's recommendation that these two cities be allowed dual U.S. flag designation until further evidence can be heard on whether or not Los Angeles should replace Boston in time for next year's summer season. I also approve the Board's recommended designations at the other existing gateway cities: Washington/Baltimore, Detroit, San Francisco, Philadelphia, Chicago and Los Angeles. Please inform the British Government of our decision.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name.

Honorable Cyrus R. Vance  
Secretary  
Department of State  
Washington, D. C. 20520

THE WHITE HOUSE  
WASHINGTON

October 31, 1977

Hamilton Jordan

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Jim Gammill

RE: MRS. LEE KIMCHE AS DIRECTOR  
OF MUSEUM SERVICES INSTITUTE

THE WHITE HOUSE  
WASHINGTON

October 31, 1977

Secretary Califano

The attached was returned in  
the President's outbox and  
is forwarded to you for your  
information. The Presidential  
Personnel Office will proceed  
with the follow-up action.

Rick Hutcheson



THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION  
FYI

MONDALE  
COSTANZA  
EIZENSTAT  
JORDAN  
LIPSHUTZ  
MOORE  
POWELL  
WATSON  
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FIRST LADY  
HARDEN  
HUTCHESON  
JAGODA

KING 26

KRAFT  
LINDER  
MITCHELL  
MOE  
PETERSON  
PETTIGREW  
POSTON  
PRESS  
SCHLESINGER  
SCHNEIDERS  
STRAUSS  
VOORDE  
WARREN

THE WHITE HOUSE  
WASHINGTON

10/31/77

Mr. President:

Hamilton, Frank Moore, Jim  
Gammill, and Mrs. Mondale  
recommend approval of  
Mrs. Kimche.

Cong. Brademas also supports  
this nomination.

Rick



THE PRESIDENT HAS SEEN.

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

October 21, 1977

*Joe -  
ok  
J*

MEMORANDUM FOR THE PRESIDENT

I recommend that you appoint Mrs. Lee Kimche as the first Director of the Museum Services Institute. Mrs. Kimche is currently the Executive Director of the Association of Science-Technology Centers. Her appointment as Director of the Institute would be subject to advise and consent by the Senate.

We have delayed this recommendation to you until now because of a conflict over the level of appointment between the Museum Services Act (20 U.S.C. 964) and the Supplemental Appropriations Act for FY-1977 (P.L. 95-26) and the Department of Interior and Related Agencies Appropriations Act for FY-1978 (P.L. 95-74). While the Museum Services Act stipulates that the Director "shall be compensated at the rate provided for Level V of the Executive Schedule," the two appropriations acts contain identical provisos prohibiting the use of appropriated funds for the compensation of Executive Level V or higher positions. Initially, I had been advised that this conflict meant that you could not appoint a full-fledged Director without clarifying legislation. I now believe, however, that there is consensus among the leadership of the relevant Congressional committees (Senators Pell and Byrd, and Congressmen Brademas and Yates) that you can, and should, appoint Mrs. Kimche at a GS-18.

Mrs. Kimche has been the Executive Director of the Association of Science-Technology Centers since 1974. She was formerly the Assistant Director for Special Projects of the American Association of Museums. In discharging these responsibilities, Mrs. Kimche has become broadly knowledgeable about the world of museums. Besides being administratively competent and politically astute, she has been a highly successful fund-raiser for museums and cultural activities. I feel certain that she would give energetic and capable leadership to the new Institute of Museum Services.

In our reference checks, Mrs. Kimche received considerable support from persons identified with museums. Moreover, Congressman Brademas first recommended her candidacy, and he has strongly supported her. Mrs. Kimche has also been endorsed by Senators Pell, Morgan, and Zorinsky.

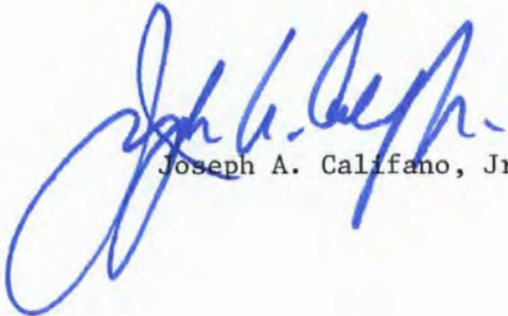
The President

Page two

The highlights of Mrs. Kimche's career are:

- Born in New York City in 1934; received her B.S.S. from George Washington University in 1956.
- (Current) Executive Director, Association of Science-Technology Centers, Washington, D. C., 1974 to present.
- Assistant Director for Special Projects, American Association of Museums, Washington, D. C., 1969 to 1974.
- Consultant to Inter-Agency Committee on Mexican American Affairs on development of Mexican American Mobile Art Exhibition, June to November, 1968.
- Consultant to UNESCO on cultural affairs and fund-raising from September, 1967, to October, 1968.

A more detailed resume is attached.



Joseph A. Califano, Jr.

# CURRICULUM VITAE

Name: Mrs. Lee Kimche

Address: 5502 Albia Road, Bethesda, Maryland 20016

Telephone: (301) 229-8962

Marital Status: Divorced

Children: Patti, Jan, Scott, Daryl

EDUCATION: B.S.S.: George Washington Univ., Wash.D.C. 1956  
Simmons College, Boston, Massachusetts 1952-1953  
Calvin Coolidge High School, Washington, D.C. 1952

EXPERIENCE: February 1974 - present: Executive Director of the Association of Science-Technology Centers, Washington, D.C. ASTC is a not-for-profit organization of 68 science museums dedicated to furthering public understanding and appreciation of science and technology in today's complex society. ASTC seeks to improve the operation of science museums; to serve as a vehicle for cooperative projects of mutual interest to its membership; and to advance the role of science museums in society.

Responsible for organizing and executing the policy of the governing body; serving as a catalyst between the governing body and (a) federal agencies; (b) private corporations; (c) foundations; (d) foreign governments and international groups; (e) other professional associations; (f) state, local and municipal bodies; (g) private citizens; and (h) educational institutions; initiating exchange and dissemination of information through seminars, meetings, workshops, exhibitions, extension programs, publications; research, public relations programs; developing ideas for research projects, meetings and seminars, extension programs, publications, and exhibitions. Also responsible for directing the Traveling Exhibitions Service and for fund-raising.

January 1969 - February 1974: Assistant Director for Special Projects, American Association of Museums, Washington, D.C. AAM represents the entire museum profession on a national level. It was founded in 1906 and is a non-profit organization charged with the responsibility of promoting museums as cultural and educational institutions in the United States.

Personally responsible for the Association's communications with more than 3,000 U.S. museums of art,

history and science concerning public affairs, educational programs, and administration. Also responsible for fund-raising, public relations, press liaison, legislative coordination, public affairs activities, development of grant proposals, membership programs, and all benefit loan exhibitions, which included organizing: Renoir Retrospective Loan Exhibition, 1969; Morton D. May Collection of 20th Century German Masters, 1970; Americans at Home and Abroad, 1971; The American West, From Catlin to Russell, 1972; and Masterworks from the Museum of the American Indian, 1974.

June - November 1968: Consultant to Inter-Agency Committee on Mexican American Affairs on development of Mexican American Mobile Art Exhibition.

September 1967 - October 1968: Consultant to UNESCO on cultural affairs and fund-raising.

June 1955 - April 1956: Secretary for Congressman Barrett O'Hara (D-Ill.), U.S. House of Representatives.

**VOLUNTEER  
ACTIVITIES:**

Organized Art Exhibitions for: UNESCO-Brandeis University; WETA Educational TV, Channel 26; Service Guild of Washington; Planned fund-raising events for political candidates from 1956 - 1968; Served on Boards of Service Guild of Washington, Brandeis University Women's Committee, Multiple Sclerosis Society, Cherry Blossom Festival, Big Brothers, Washington Society of Performing Arts, Reading is FUN-da-mental.

**MEMBERSHIPS:**

National Press Club; Woman's National Democratic Club; Friends of the John F. Kennedy Center, Smithsonian Associates; Opera Society of Washington; Washington Hilton Racquet Club, Corcoran Gallery of Art; Western Jr. High and Walt Whitman Senior High PTA.

**SPECIAL  
PROJECTS:**

1. Service Guild of Washington - board member for three years; publicity and decorations for charity balls.
2. Multiple Sclerosis Society - handled publicity for luncheons and coordinated committees.
3. Cherry Blossom Festival - handled arrangements for Recreation Department social functions.
4. "Freedom From Hunger" dinner - handled arrangements and decorations as part of the President's Food for Peace Program.

5. National Music Week Luncheon - handled arrangements and decorations.
6. Israel Bonds - handled Volunteer Program for two years.
7. Venice Biennale Benefit at Embassy of Italy - coordinated committee activities with National Collection of Fine Arts, Smithsonian Institution.
8. Big Brothers Dinner - coordinated decorations and hotel arrangements for chairman.
9. Pan American Women's Committee for Latin America - handled publicity and arrangements for Ball at Pan American Union.
10. Brandeis University Women's Committee - Chairman of Art Auction and Exhibition, board member for three years.

POLITICS:

Coordinated, organized, and advanced thirteen "LBJ" Barbecues during the 1964 Presidential Campaign.

Advanced and traveled with Vice President Hubert Humphrey's daughter, Nancy Solomonson during the 1968 campaign.

1964 - 1976: Planned and coordinated fund-raising events for:

Senator Daniel Brewster, D - Maryland  
Senator Vance Hartke, D - Indiana  
Senator Frank Moss, D - Utah  
Senator Gale McGee, D - Wyoming  
Senator William Proxmire, D - Wisconsin  
Senator Walter Mondale, D - Minnesota  
Senator Thomas McIntyre, D - New Hampshire  
Senator Gaylord Nelson, D - Wisconsin  
Congressman John King, D - Utah  
Congressman John Brademas, D - Indiana



THE WHITE HOUSE

WASHINGTON

Date: October 24, 1977

MEMORANDUM

FOR ACTION:

Hamilton Jordan *attached content*; *fill also answer per HS*  
Jim Gammill *concur - closure of Mrs. Watson*  
*& Cong. Brademas*

FOR INFORMATION:

Jack Watson

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Califano memo dated 10/21/77 re Mrs. Lee Kimche as  
Director of the Museum Services Institute.

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Wednesday

DATE: October 26, 1977

*is this ready?*  
*yes*

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

Date: October 24, 1977

MEMORANDUM

FOR ACTION:

~~Hamilton Jordan~~  
Jim Gammill

FOR INFORMATION:

Jack Watson

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Califano memo dated 10/21/77 re Mrs. Lee Kimche as  
Director of the Museum Services Institute.

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Wednesday

DATE: October 26, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

*H.J. Recommended approval  
equally in need of  
business recommendation. That move also.  
cc  
10/24*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: October 24, 1977

MEMORANDUM

FOR ACTION:

Hamilton Jordan  
Jim Gammill

FOR INFORMATION:

Jack Watson

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Califano memo dated 10/21/77 re Mrs. Lee Kimche as  
Director of the Museum Services Institute.

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Wednesday

DATE: October 26, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:



I concur.

*Jim G*

☐ No comment.

Please note other comments below:

*Choice of Cong. Brademas and  
Mrs. Mondale.*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

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<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
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ACTION	FYI	
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<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input checked="" type="checkbox"/>	KING <i>Gamil</i>

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
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<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

October 31, 1977

C  
1

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

The Energy bill will probably pass at approximately 6:30 p.m. tonight.

I hope you will have the time to telephone Senators Byrd, Jackson, and Long when this happens and congratulate them on their good work.

We will get in touch with you just as soon as final passage occurs.

Electrostatic Copy Made  
for Preservation Purposes

notes from cabinet meeting 10/31/77

THE WHITE HOUSE  
WASHINGTON

- > Energy = team
- > Visit Congress
- > Paperwork / reporting reduction
- > Budget limits
- Rosenthal. boycott - Exec documents
- > CRBR
- > Wed WJC
- > Thurs Energy
- > Press attitude
- > Delay in ticker file

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for Preservation Purposes

THE WHITE HOUSE  
WASHINGTON

5. Africa  
Mid East - Riyadh 11/2  
Belize vs Guatemala  
- Business investment 10-11%  
Trade deficit  
- Ex O Intel Charter  
EC supports M.D.E policy  
ER weapon - EC support  
Concerned re SALT "  
Belgrade - US in lead  
- Scandinavian labor mty  
" US relations good  
" econ problems  
- Anti-trust study commission  
Crime message  
- Mike in M.D.E → Rome  
O.I. principles plan / Value 88  
Steel dumping

312.9 74'77

401.9

45 b.1 deficit

Shortfall  
115

— THE WHITE HOUSE —  
WASHINGTON

NYC bonds - \$250M Nov.

Energy - new sources

Grain prices &

on farm storage good

Condominium

Contingency plans - White House

Energy bill - Mid Dec

Protectionism increasing

Business leader mths

Truck dereg

Terrorism - Senate bill

Algeria - LNG

Investigative reporters



TC

THE WHITE HOUSE  
WASHINGTON

10-31-77

H. Schmidt -  
Global satellite  
communications - Inter Sat  
may be applied  
to Pan Canal -  
(Atty Robert Smith)

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THE WHITE HOUSE  
WASHINGTON

9:57 A.M. MONDAY  
OCTOBER 31, 1977

MR. PRESIDENT

SENATOR HARRISON SCHMITT

CALLED. WANTS TO TALK ABOUT

PANAMA CANAL TREATIES.

T.K.

(notes of conversation  
attached)

THE WHITE HOUSE  
WASHINGTON

10-31-77

Today

Tell them not  
to record all the  
TV commercials—

JC

Electrostatic Copy Made  
for Preservation Purposes

THE WHITE HOUSE  
WASHINGTON

10-31-77

To Zbig

What are we doing  
to recruit other <sup>consumer</sup>  
nations to help us  
hold down oil  
prices?

JC

Electrostatic Copy Made  
for Preservation Purposes

THE PRESIDENT HAS SEEN

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THE WHITE HOUSE  
WASHINGTON

①  
—

MINUTES OF THE CABINET MEETING

Monday, October 31, 1977

The thirty-first meeting of the Cabinet was called to order by the President at 9:05 a.m., Monday, October 31, 1977. All Cabinet members were present except Mr. Califano, who was represented by HEW Executive Assistant to the Secretary Ben Heineman, Jr.; Mr. Blumenthal, represented by Treasury Under Secretary Robert Carswell; and Ambassador Young, represented by Executive Assistant Anne Forrester Holloway. Other persons present were:

Joe Aragon	Bunny Mitchell
Landon Butler	Dick Moe
Zbigniew Brzezinski	Frank Moore
Hugh Carter	Dick Pettigrew
Doug Costle	Frank Press
Stu Eizenstat	Charles Schultze
Jane Frank	Jay Solomon
Rex Granum	Stansfield Turner
Richard Harden	Charles Warren
Bob Lipshutz	Jack Watson

The President asked for comments, beginning with the Secretary of State:

1. Mr. Vance said that India will chair today's UN Security Council meeting, at which a resolution on South Africa, redrafted by the Indians and acceptable to the U.S., will be considered. The African members of the Security Council may also call up several other resolutions:

- 1) A resolution condemning recent actions in South Africa which is acceptable to the U.S.;
- 2) A broad resolution under Article VII of the U.N. charter which the U.S. will veto;
- 3) A resolution imposing a mandatory arms embargo on, and terminating nuclear cooperation with, South Africa, on which the U.S. position is not yet established; and
- 4) A resolution to halt all investments in and loans to South Africa, which the U.K. and France are prepared to veto, along with the U.S. if necessary.

Mr. Vance described the situation

as extremely complicated and noted that Ambassador Young had worked effectively all weekend to muster support of European allies and African nations.

-- The President commended Mr. Vance and Ambassador Young for doing the best possible job of containing the controversy. In response to the President's question, Ms. Holloway explained how the African non-permanent members of the Security Council are likely to vote. The votes are scheduled to take place this morning, and the President asked Mr. Vance to keep him informed of the developments.

-- Mr. Vance said that the heads of key Arab states are meeting in Riyadh on November 24 to discuss the possibility of reconvening the Geneva conference. The Egyptians and Jordanians are siding with the U.S., but the Syrians are not. The result of the Riyadh meeting is difficult to predict.

-- Mr. Vance noted that Belize is approaching independence and that, for the moment, there is considerable tension between that country and Guatemala. The Guatemalans and British are discussing the situation, and the U.S. is attempting to be helpful.

2. Mr. Andrus said that he had nothing to report.

3. Mr. Schultze said that two recent private surveys of business intentions predict a 10 - 11% increase in business investment in 1978, before adjusting for inflation (a 5% real increase). He noted that this percentage is not sufficient to achieve the President's economic goals. He also noted that these two surveys are less comprehensive than the survey which will be released in December by the Commerce Department.

-- Mr. Schultze said that the U.S. trade deficit dropped substantially in September. Exports in September were high, although oil imports were also high. The large amount of exports in September could have been in anticipation of the dock strike, the effects of which will be reflected in our trade figures for the next several months.

4. Dr. Brzezinski said that the NSC completed work last week on Executive Orders for the intelligence community and for an International Communication Agency.

-- He attended meetings in Bonn last week, where he found Europeans generally in support of U.S. policy in the Middle East; inclined towards approval of the neutron bomb; and somewhat anxious about the cruise missile issue in connection with the SALT negotiations.

-- The U.S. has taken a "responsible and visible lead" in the Conference on Security and Cooperation in Europe (CSCE) in Belgrade, in contrast to the Helsinki negotiations several years ago where other countries were in the forefront.

-- NSC staff is discussing with DOD ways to improve its role in developing the Defense budget.

5. Mr. Marshall spent the last ten days in Scandinavia discussing labor issues. He reported that the President's position on human rights is very popular. He also noted that the Scandinavian countries are less certain than ever before as to what to do about their problems of inflation and unemployment.

-- The Longshoremen's negotiations are continuing. The President noted that our general assessment of the strike thus far is that it is serious but does not endanger national security. The Labor Department will continue to monitor the situation closely.

6. The Attorney General said that a proposed Executive Order for an Antitrust Study Commission is on the President's desk for review and comment.

-- The Justice Department is working on a crime message.

-- He noted that Senators Kennedy, Bentsen and De Concini have joined with Judiciary Committee Chairman Eastland in sponsoring the Administration's legislation on undocumented workers.

7. Mr. Carswell said that Mr. Blumenthal left the Middle East yesterday and is now in Rome. Mr. Blumenthal reported that his reception in the countries he has visited has been very favorable, and that those countries perceive a direct link between the stability of the dollar and U.S. energy policy. They also now appear to understand fully that as oil prices increase, their own dollar holdings will be adversely affected.

-- The President commended Mr. Blumenthal for keeping him informed by brief cables of his travels. He asked the Cabinet to follow such a practice when they are abroad rather than wait to brief him on their return.

-- Mr. Carswell said that several new steel dumping cases have been filed recently and others are expected to follow. Approximately two-thirds of our steel imports may soon be covered by such cases.

-- He reported that the New York Legislature had passed a law last week clearing technical obstacles to New York City's re-entry into the public financial markets; preparations for an offering are going forward.

8. Mr. Bergland visited a number of states around the country last week and spoke repeatedly of the need for the Administration's energy plan. He said that considerable interest was expressed in developing non-petroleum energy sources.

-- Grain prices are moving up in the mid-West and have already increased 30¢ per bushel this year. 250 million bushels of on-farm storage capacity have been developed this year with the help of the federal government.

-- The President said that when he visited Des Moines last week the farmers with whom he met were unanimously in favor of the feed-grain set-asides, notwithstanding comments on the subject in the newspapers. The President said that there was also a generally good reception for the Farm Bill from the farmers themselves.

9. The President commended the Cabinet for its superb help in promoting the Administration's energy plan. He said that Cabinet members have inserted pertinent and cogent energy-related comments in speeches and have highlighted those aspects of the energy plan that relate to their programs. He specifically noted the press accounts of Dr. Brown's speech on the impact of energy on national defense and of Mr. Califano's speeches concerning the impact of energy on the poor. The President urged the Cabinet to continue their splendid efforts. He said that he was proud of the "team effort" by the Cabinet on this issue.

-- The President said that he will make a major speech on energy to the nation this week or next. He asked Cabinet members to give him a paragraph for possible

use in the speech on how the proposed energy plan most crucially affects their Departments. He specifically requested additional information from Mr. Schultze on the impact of oil imports on the overall U.S. economy.

10. Ms. Harris said that HUD's proposed legislation on condominiums is on the President's desk and that she thinks it fulfills his campaign commitment on the subject.

-- She is circulating today to the Cabinet members on the Urban and Regional Policy Group various draft options which have been proposed by the Deputies Group.

11. Dr. Schlesinger said that he would like to discuss briefly at the next Cabinet meeting proposed contingency plans for fuel supplies for the coming winter. He said that the approaching cold weather will put added pressure on Congress to enact an acceptable energy plan before adjournment. Dr. Schlesinger said that we are not likely to have an enrolled energy bill until sometime in December.

-- He noted that the mail to Capitol Hill in the past week has turned strongly in the President's favor. In addition, the press is beginning to talk about the resurgence of the President's program.

-- The President said that after the Senate adjourns today, he wants to meet with Messrs. Eizenstat, Moore and Schlesinger to discuss the status of the energy legislation.

12. Ambassador Strauss said that the Cabinet speeches on energy have touched almost every facet of American life and that the press on those speeches has been good.

-- He briefly summarized the status of the Tokyo-Round negotiations, and commended Mr. Blumenthal for his help.

-- He said that several Cabinet members and White House staff will meet today to discuss a program of



bringing business and professional people to the White House to meet with the President and senior Administration officials. He asked Cabinet members to provide names of business people from their home states whom we might invite to such meetings.

-- The President said that his biweekly meetings with out-of-town newspaper editors have been very successful, and that the format for the meetings might be adapted to meetings with business and professional people.

-- The President asked that the Administration report on the steel industry be expedited. He said that a White House meeting last week with 150 members of the steel caucus in Congress went well.

13. Mr. McIntyre said that the final budget totals for FY 77 were announced jointly by Treasury and OMB as follows:

Total receipt equal \$356.9 billion  
Total outlays equal \$401.9 billion  
Total deficit equals \$45 billion  
Total federal spending shortfall equals \$11.5 billion.

-- Reorganization Plan No. 2 is moving through the Congress. Some technical amendments will be presented to the President today, including a proposed name change for the proposed International Communication Agency.

-- The President said that Cabinet members should not be optimistic about exceeding the budget limits proposed by OMB. He commended the Environmental Protection Agency for a super job of zero-based budgeting analysis and said that some agencies have not done a good job.

14. Mr. Adams briefly described DOT's efforts to promote the President's energy plan.

-- He said that there is some confusion on whether the Administration is developing legislation to deregulate the trucking industry. Mr. Eizenstat said that there will be no bill this year but that an options paper is being prepared. After a brief discussion, Mr. Adams suggested that a proper statement would be that the issue is being studied, and that the views of the industry and others will be fully solicited and considered before any legislative or regulatory changes are proposed. The President agreed.

-- Mr. Adams asked guidance on whether he should attend a meeting in Toronto of the International Aviation Cooperation Organization to discuss airline hijacking. Mr. Vance said that he thinks the U.S. should be represented. The Attorney General said that cooperative arrangements should be encouraged between and among the FBI, Scotland Yard and the Canadian Mounted Police on this issue. Ambassador Strauss noted that legislation on the subject has been introduced by Senator Ribicoff which, although it has some troubling aspects, is very popular in the Senate.

-- Mr. Adams said that he would like to be present when the Administration's positions are being discussed on issues in the Senate/House Energy Conferences involving legislation of interest to DOT, for example waterway user charges. Stu Eizenstat said that the energy legislative strategy team meets every evening at 6 p.m. in the Energy Conference Room of the EOB, and that Mr. Adams would be welcome any time.

15. Ms. Kreps said that she had nothing to report.

16. Dr. Brown said that he spoke three times in eight days on energy, including a speech last Wednesday in New York devoted entirely to that subject. The audience, which included oil and energy executives, was attentive.

-- He said that he has directed a new programming and budget procedure whereby the Secretary of Defense and the President can have an early opportunity to affect those activities. At present the lead time between the initiative of the programming process and the beginning of the budget year is two years. In light of this it sometimes may be hard for early input to survive through the whole process. Nevertheless, without early input the Secretary and the President would play an essentially passive role. Secretary Brown said that DOD is working out the details of White House participation with Dr. Brzezinski.

17. The President said that he met with some of the senior White House aides this weekend at Camp David, and that among the issues discussed was the present period of press criticism. The President said that we should not be discouraged by the criticism, and that we should all simply continue to try to do our respective jobs as well as we possibly can. He said that his biweekly press conferences give him a chance to go directly to the public to explain what we are doing and why, and he urged Cabinet members to take advantage of similar press and other public

opportunities to speak directly to the people. The President said that he does not know of any major effort he would have undertaken in a different fashion or of initiatives he would have deferred. We are trying to address some of the most complex and difficult questions facing the country, and controversy is inevitable.

-- The President has asked Staff Secretary Rick Hutcheson to keep a weekly "tickler file" of pending requests to the Cabinet and to send Cabinet members summaries of such requests in order to expedite responses.

-- The President reiterated his request that Cabinet members initiate more direct contact with individual Members of Congress and their staffs. He cited as a positive example a recent meeting that Dr. Schlesinger had with Congressman Rostenkowski's staff. Ambassador Strauss noted that 50 key staff members of standing committees were invited for breakfast at the White House mess last week, where they met with him and the Vice President. It was the first time many of them had ever been to the White House. The President also reiterated his request that Cabinet Secretaries meet every day with their Congressional relations people.

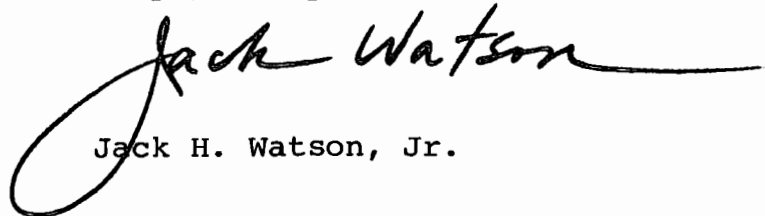
-- The President will speak Wednesday night to the World Jewish Congress.

-- He urged the Cabinet to persist in their efforts to reduce the paperwork burdens emanating from their respective Departments.

18. The Attorney General asked Cabinet members to inform the Justice Department whenever investigative reporters are researching allegations involving their agencies so that the Justice Department may undertake any inquiries into those allegations that may be appropriate.

The meeting was adjourned by the President at 10:40 a.m.

Respectfully submitted,

A handwritten signature in black ink, reading "Jack Watson". The signature is fluid and cursive, with a large loop at the end of the word "Watson".

Jack H. Watson, Jr.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

C

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for Preservation Purposes

October 31, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

ROBERT LIPSHUTZ *RL*  
MARGARET MCKENNA *MMK*

SUBJECT:

Constitutionality of Extending the Time  
Period for Ratification of the Proposed  
Equal Rights Amendment

John Harmon, the Assistant Attorney General, Department of Justice, will testify before the Subcommittee on Civil and Constitutional Rights on the extension of the Equal Rights Amentment on Tuesday, November 1, 1977, at 2 PM.

The testimony will state that the Administration supports the Equal Rights Amendment and the time period for its ratification.

Briefly, the analysis of the Department of Justice is as follows:

- (1) No Authority suggests persuasively that an extension of seven years would be per se unconstitutional;
- (2) Congressional action to extend the deadline for ratification can take the form of a concurrent resolution subject to majority vote of a quorum of each House;
- (3) We do not think that an extension would empower the States which have ratified the ERA prior to the extension to rescind that ratification during the extension period;
- (4) We doubt Congress may extend a right to rescind to States during the seven-year extension period; and
- (5) We believe that at least some of these issues would probably present controversies which may become the subject of court litigation.

THE WHITE HOUSE  
WASHINGTON

October 31, 1977

Bob Pastor

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

cc: Rick Hutcheson  
Zbig Brzezinski

RE: LETTER FROM CAMILLO A.  
STEINER ON TRIP TO BRAZIL

Dear Miss MacBean -



Lonex do Brasil S. A.

Could you please deliver

CAMILLO A. STEINER

DIRECTOR

This letter to Mrs. Carter!  
Best regards

RECIFE: Av. Conde da Boa Vista, 85 - 11.º and. - Cj. 1102 - Fones 220220 - 222802

FILIAL S. PAULO: Rua João Annes, 181 - Alto da Lapa - Fone: 2605077

FÁBRICA: BR - Km. 35,5 - Fone: (107) 21 - Moreno - PE

TELEX B1-1481

C. Steiner

CAMILLO A. STEINER

CAIXA POSTAL, 814 - TELEX 81-1481

FONES: 22-0220 - 22-2802

RECIFE - PERNAMBUCO - BRASIL

THE PRESIDENT HAS SEEN.

*Bob Pastor  
info  
J*

Mrs: Jimmy Carter  
The White House  
Washington, D.C.  
U S A

Electrostatic Copy Made  
for Preservation Purposes

October 7, 1977

Dear Mrs. Carter,

The visit that you and President Carter are going to make to Brazil next November, will certainly be a landmark in the relations between our two countries. Many important aspects of this relationship will be discussed. Among them, I am sure, the President's preoccupations with the Brazilian-German atomic energy contract and the prevailing conditions with respect to Human Rights in Brazil and the world.

Because of the economic and political conditions, these two subjects, from the time they were first mentioned during the 1976 campaign, became points of acute diversion between our two governments and it has been only now, after efforts by both sides, and your recent trip to Brasilia, that the principles defended by each Government are beginning to be understood and respected.

At first, we became quite worried because the relations between Brazil and the U.S. were deteriorating so fast and wondered where this would lead us. Now, even if not all the differences have been settled, at least the trend has been reversed.

With all this in mind, since I heard about the November visit, several thoughts have gone through my mind and as they may help the President, and Brazil, I would like to tell you about them.

Let me put down some of the basic facts, as I see them:

- Brazil and Brazilians have always been almost unconditional allies of the U.S.;
- economical conditions in this country deteriorated to almost total disaster after the oil crises and are only now showing signs of being under control;
- the heavy burden of having to make large investments in oil exploration and the production of basic raw materials, in order to balance imports with exports, will not show any returns until the next decade. Meanwhile,

the country, the businesses and the people will have to undergo heavy sacrifices;

- political stability is essential for the economical recovery. A sudden change of the form of government that we have now, wanted by almost everyone, including President Geisel and his closet collaborators, is not possible. It has to be a gradual process, regulated by the economical and social events;
- the use of atomic energy as a source of power, and the complete independence of its full cycle, is necessary to guarantee that what happened with the oil supply will never be repeated;
- the respect for the rights of the people, and how they are treated, is as important as are the rights of the people to have access to food, health, education, jobs, etc., where these are not yet adequately available;
- President Roosevelt and President Kennedy, during their years in office, became almost idols to Brazilians. They were looked upon as promoters of social and economical reforms which directly benefited the people of the undeveloped countries. Some of their programs, such as Point Four, A.I.O., and Peace Corps, are still remembered because they came close to the people who needed them most. Our Northeastern region is a good example of this;
- today, President Carter is looked upon as another Kennedy, or another Roosevelt, of our times;
- Northeast Brazil, as a geo-political region, consists of 9 states - from Maranhão down to Bahia, with about 35 million people. It is the largest of the poorer regions of Latin America. Here, and in the Amazon region, the Brazilian government has a special program of tax and financial incentives which was very successful until recently, when a large part of the funds had to be committed to petrochemical projects in Bahia, consequently making them short for others;
- Pernambuco is the geographical center of Northeast Brazil. The previous visits of President Carter, and yourself, to Recife, have brought a much closer association of this area with both of you. It would be a logical place for the President to announce any policy of his government, favourable to the underdeveloped regions of Latin America;
- of course, the President cannot announce major policies affecting other nations without previous consultations with the receiving countries. However, some can be simple, effective, and only a matter of using existing mechanisms.

Some of the following ideas are given only as examples. I am sure the President's advisors could come up with more and better ones. They would



be specific, only for the underdeveloped areas:

- a - preference of I.D.B.'s and World Bank's soft loans, complementing the countries' own efforts, such is the case of the Amazon and Northeast areas of Brazil;
- b - acceptance of taxes invested in those regions by American subsidiaries as tax credits in the U.S., thus permitting U.S. companies to invest their local taxes in projects for the areas;
- c - acceptance of local tax incentives for exports by American companies operating in those regions as tax credits in the U.S., thus permitting U.S. companies operating in under developed areas to export more competitively;
- d - favorable tariff treatment for products exported by underdeveloped areas;
- e - establishment of programs for in-depth studies of the economy of the regions, cooperating with existing governmental agencies in evaluating their programs, suggesting changes and introducing new policies;
- f - programs for the transference of industrial and agricultural technology to small and medium size projects through cooperation with existing organizations, such as International Executive Service Corps, Universities, Partners of the Americas, American Chambers of Commerce, etc., whenever their programs are in these regions.

Some of these suggestions may be unrealistic as they could conflict with, or may cause problems in other areas. However, as I said before, there may be others which could be feasible and easily implemented through existing facilities.

When I first suggested that you and the President could stop in Recife before crossing the Atlantic, I had in mind only the honor and the pleasure this would mean for Pernambuco and ourselves, of having both of you in Recife, if only for one or two hours, while refueling.

However, after thinking of how this occasion could be of a great importance to the aspirations of millions of people who live in regions of which Northeast Brazil and Pernambuco so well represent, and also how this would be a perfect time for the President to respond to the people's image of him as a second Roosevelt or Kennedy, I realized how much more it could mean.

There is not a better place than Recife to do this. Here is where the

CAMILLO A. STEINER

CAIXA POSTAL, 814 - TELEX 81-1481

FONES: 22-0220 - 22-2802

RECIFE - PERNAMBUCO - BRASIL

.4

President, when Governor, effectively backing a people-to-people program, came closer to social problems in underdeveloped regions of the world. I am sure that it would be no problem to have at the airport, representatives from the Partners of the Americas of all the nine States, their respective Governors and other prominent citizens of the region, to welcome you and the President.

Maybe, Mrs. Carter, those thoughts could be used and implemented. They are given as a contribution to a better understanding of our two countries, encouraged by the friendship and respect that Janet and I have for both of you.

It may be too late to introduce this in your program; however, it may inspire new thoughts to those who are responsible to propose policies to the President.

With our best wishes for a successful and rewarding trip, not only to Brazil, but also to the other countries you will be visiting, Janet and I send our warmest "abraços".



Camillo A. Steiner

CASP/cp

THE WHITE HOUSE  
WASHINGTON

October 31, 1977

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson

cc: The Vice President  
Hamilton Jordan

RE: CALL TO SEN. SCHMITT

THE WHITE HOUSE  
WASHINGTON

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input checked="" type="checkbox"/>	JORDAN
<input type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	<input type="checkbox"/>	MOORE
<input type="checkbox"/>	<input type="checkbox"/>	POWELL
<input type="checkbox"/>	<input type="checkbox"/>	WATSON
<input type="checkbox"/>	<input type="checkbox"/>	LANCE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

CONGRESSIONAL TELEPHONE CALLS

C

TO: Senator Harrison (Jack) Schmitt  
(R-New Mexico)

DATE: Today, or this weekend

RECOMMENDED BY: Frank Moore *FM*

PURPOSE: To discuss the Panama Canal treaties

BACKGROUND: Senator Schmitt is leaning against the treaties. However, he is still seen as being someone we might have a chance to support us. We are not aware of any public commitment he has made to vote against the treaties; he has only expressed some doubts.  
Office Telephone No: 224-5521

Date of submission: October 28, 1977

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*Frank - He wants  
to talk about  
Int'l Sat & how  
it relates to  
Panama!  
J*

THE WHITE HOUSE

WASHINGTON

October 31, 1977

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for your information and appropriate handling.

Rick Hutcheson

cc: Jack Watson  
Jim McIntyre

RE: NEED FOR IMMEDIATE ACTION TO MEET  
ENERGY/WEATHER PROBLEMS OF ELDERLY

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
X		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
	X	WATSON
	X	<del>LANCE</del> JM
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

Patti:

draft memo to Cruikshank:

In response to your memo of October 14, Need..., "the President sent a note to Stu Eizenstat indicating that he favors continued funding of CSA's emergency energy conservation program, provided that this assistance can be targeted.

cc: Stu Eizenstat

also: give Stu only copy of my summary of staff comments



THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

October 14, 1977

*Stu. Prefer targetable  
CSA - Brown max-  
J*

MEMORANDUM FOR THE PRESIDENT

FROM: NELSON H. CRUIKSHANK

SUBJECT: Need for Immediate Action to Meet Energy/  
Weather Problems of Elderly

As an emergency measure to meet the energy/weather crisis of last winter, the Congress enacted the Community Services Administration's Emergency Energy Conservation Program (Section 22 (a) (12)) of the Economic Opportunity Act of 1964. This provided money to pay for utility and fuel bills, was limited to energy emergencies and administered through CSA grantees.

It has come to my attention that the Department of Health, Education and Welfare has submitted to the Congress draft legislation which would expand the availability of emergency assistance under Title IV of the Social Security Act in the case of a Presidentially-declared natural disaster or other occurrence of regional or national significance. The elderly would be joining needy families with children in being eligible for this "disaster aid." For the first time, the elderly would be eligible for emergency assistance for individual personal crises, but priority would still be given to families with children.

These recent proposals of the Health Education and Welfare to the Subcommittee on Intergovernmental Relations of the Senate Committee on Governmental Affairs are obviously well intended and helpful to many older persons in the event of another harsh winter and if the legislation could be enacted and implemented in time.

However, because of Congressional schedules and because this emergency assistance proposal still does not address the needs of so many of the elderly who would be affected by a likely energy/weather crisis, I would respectfully suggest the approach taken by the Federal Council on the Aging at its recently concluded September 14-16 Quarterly meeting. The Council expressing concern with the possible severe hardship to the elderly during this coming winter and taking into account the necessity of speedy Congressional action adopted the following recommendation:

1. Continue funding the Community Services Administration's Emergency Energy Conservation Program (Section 22 (a) (12)) of the Economic Opportunity Act of 1964, as amended. This would provide funds for payment of fuel bills and to prevent health-related emergencies.
2. Continue funding weatherization and winterization programs for low-income elderly persons.
3. Build a significant outreach component into the emergency assistance and weatherization programs. Try new approaches to enroll previously unreached groups such as minority persons and rural residents.



MEMORANDUM

THE WHITE HOUSE

WASHINGTON

27 October 1977

TO: THE PRESIDENT

FROM: RICK HUTCHESON *RH*

SUBJECT: Summary of Staff Comments on Cruikshank Memo

DOE supports Cruikshank's three proposals, and believes that action is needed now to reauthorize the emergency CSA fuel bill program.

OMB: The Administration has proposed an HEW emergency assistance program to aid states in disaster situations such as severe winters. This proposal is better than the CSA program because it is targeted to states in need. The Administration last winter emphasized the one-time nature of the CSA effort. If Congress re-funds the CSA fuel bill payment program, OMB recommends that it be put on a contingency basis, and that the targeting of funds be permitted.

Weatherization programs have been funded in FY 78 for CSA and DOE at \$65 million each. Both programs are delivered by community action agencies, and give preference to the elderly poor. OMB thinks this year's weatherization and outreach efforts are sufficient. (You decided that in FY 79, DOE will be the sole administrator of weatherization.)

HEW agrees that its proposal will not be enacted prior to the onset of cold winter weather. The extension of the CSA effort should stipulate that it is extended only until the HEW bill is enacted.

With regard to weatherization, HEW believes that the FY 78 funding of CSA's program may not be adequate to protect low-income elderly this winter, and recommends that the adequacy of the FY 78 funding level be reviewed.

Watson recommends that you support continued funding of CSA's energy conservation program. HEW's program, though better, will not pass Congress this session. Jack believes that there are adequate administrative safeguards in this year's version of Muskie's legislation:

- a conditional set-aside of \$200 million; funds revert to the Treasury if not used;

- states are not automatically entitled to funds; an energy assistance emergency must be discovered and verified;
- the CSA Administrator can target funds within a state, and must set specific criteria for allocating the funds.

CSA urges you to support a supplemental appropriation for another emergency fuel bill program for this winter. CSA's program last winter provided assistance to 950,000 households (average payment: \$170), delivered through about 800 community action agencies. CSA estimates that as many as 3,200,000 households will be faced with fuel shut-offs this coming winter, and suggests that a minimum of \$545 million would be needed to provide comparable assistance to these households.

Eizenstat suggests that the Administration make a redoubled effort to revive the HEW bill before changing our position. However, Frank Moore's office says flatly that the HEW bill will not pass this year. Congress is likely to appropriate \$200 million for the CSA emergency program again this winter.

THE WHITE HOUSE

WASHINGTON

Date: October 18, 1977

MEMORANDUM

FOR ACTION:

Secretary Califano *attached*  
Director Olivarez *attached*

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Cruikshank memo dated 10/14/77 re Need for Immediate  
Action to Meet Energy/Weather Problems of  
Elderly

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 Noon

DAY: Thursday

DATE: October 20, 1977

ACTION REQUESTED:

Other: ☒ Your comments

STAFF RESPONSE:

☐ I concur.  
Please note other comments below:

☐ No comment.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

*This am  
upfront JW*  
*10/20/77*  
*12:00 Noon*  
*12:00*  
*On same Grandly do h*  
*if no reply by 2 PM, may*  
*go in w/o. see comment.*  
*11:00 AM and 2 day*  
*chance to change*



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

October 20, 1977

MEMORANDUM FOR THE PRESIDENT

I share the concern expressed by Mr. Nelson H. Cruikshank of the Federal Council on Aging regarding the possibility of hardship to the elderly during this coming winter and supports effective Federal action to prevent this from happening. My suggestions on how we proceed on the recommendations made by the Council are as follows:

1. Continue to fund the Community Services Administration's Emergency Energy Conservation program. Since it is clear that the Department's legislative proposal "To amend the Social Security Act to expand the availability of emergency assistance under title IV in the case of natural disaster or other occurrence of regional or national significance beyond a State's control" will not be enacted prior to the onset of cold weather, we support continued funding for section 22(a) (12) of the Economic Opportunity Act for a limited period this winter. However, care must be taken so as not to discourage the Congress from enacting our legislative proposal which we believe offers a better long-term approach to the problem. Therefore, we believe that the extension of the Community Services Administration's Emergency Energy Conservation program should stipulate that it is only being extended until such time as the Department's amendment to the Social Security Act is enacted into law or to some fixed date later in this congressional session. This will allow us to serve notice on the Congress that we consider this extension as only an interim, stop-gap measure.
2. Continue funding of Weatherization and Winterization program. Funding for the purchase of weatherization and winterization materials for use by low-income elderly is not within the scope of the Department's legislation to amend the Social Security Act. We are concerned that the previously authorized funding for fiscal year 1978 for the Community Services Administration's program may not be adequate to protect this class of citizens, who are extremely vulnerable during the winter months. Given



the prognosis for a cold winter and given the funding level proposed for this program for fiscal year 1979 in your energy package, I suggest that the adequacy of the funding level for fiscal year 1978 for this program be reviewed.

3. Improve outreach. At present, broad outreach efforts informing individuals about a large number of available services, including weatherization, are undertaken under two of the Department's programs (title III of the Older Americans Act and title XX of the Social Security Act). In addition, substantial outreach services are provided by voluntary organizations at the community level. It is our intention to build into the implementation of the new emergency assistance program an extensive outreach service component. This new outreach effort would supplement the existing outreach services described above. Specifically, we intend to actively encourage governors to use a portion of the funds provided to States under this program for outreach activities. We also will assure that the areawide aging agencies inform elderly persons about how they can receive emergency assistance.



Joseph A. Califano, Jr.



**Community** WASHINGTON, D.C. 20506  
**Services Administration**



October 20, 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Nelson H. Cruikshank Memorandum on the Need for  
Immediate Action to Meet Energy/Weather Problems  
of Elderly

You have requested my comments on Mr. Cruikshank's memorandum concerning the need for immediate action to meet energy/weather problems of the elderly. I share Mr. Cruikshank's perception of the need and support the approach suggested in his memorandum.

I agree with Mr. Cruikshank that it appears that the proposed revision of HEW's Emergency Assistance Program would not be able to meet the needs of the poor this winter. The reasons are, first, timely Congressional action does not appear possible; second, thirty states do not participate in the EAP program; and third, the HEW proposal still tends to treat the problem as one of a disaster nature rather than as chronic, continuing condition.

CSA has been given broad and flexible authority by Congress (Section 222(a)(12) of the Economic Opportunity Act of 1964, as amended) to aid the poor and near-poor during energy-related crisis periods, to develop programs to reduce energy consumption, and to lessen the impact of high energy costs on the poor. Under this program, CSA's energy grantees (comprised mainly of more than 800 community action agencies) have developed an extensive outreach capability which the Federal Council on the Aging so rightly recognized as an essential feature of any program designed to meet the energy/weather problems of the poor.

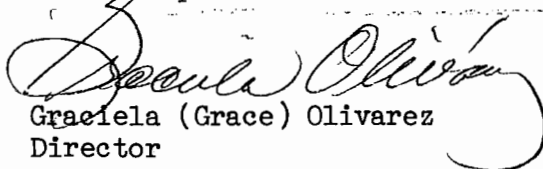
CSA's recently completed Special Crisis Intervention Program provided assistance through the states to 953,015 households. The payments totalled \$161,857,000 which represents some 82 per cent of the funds available. The major reasons that the funds were not totally expended were the extremely short time frame in

which the program operated, and the lack of administrative funds to support essential components of the program. On the basis of that experience, I believe that it is essential that at least ten per cent of any funds appropriated for a similar program be made available for the costs of administration at the local level.

CSA's experience with the recently concluded Special Crisis Intervention Program leads us to believe that poor and near-poor persons, and particularly the elderly on fixed income, face an extremely serious problem in the coming months, even if this winter's weather is no colder than normal.

We recently asked our regional offices to poll the states for an estimate of the poor and near-poor households using gas for heat that face a serious threat of shut-off because of their inability to pay high energy bills this coming winter. This survey came up with a total of 1,892,000 households. According to the National Survey of Household Energy Use conducted by the Washington Center for Metropolitan Studies in 1975, 59 per cent of the poor and near-poor use gas for heat. Projecting these figures to users of all fuels, it would therefore be reasonable to predict that as many as 3,207,000 poor and near-poor households will be faced with shut-off or no fuel in the coming winter. A very substantial number of these households will be made up of elderly persons. Taking the average payment of \$170 per household under the Special Crisis Intervention Program, a minimum of \$545 million would be needed to provide comparable assistance to these households.

I therefore urge you to support a supplemental appropriation for the Community Services Administration to administer and operate another Special Crisis Intervention Program for the coming winter.

  
Graciela (Grace) Olivarez  
Director

THE WHITE HOUSE

WASHINGTON

Date: October 14, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat *attached*  
Frank Moore *by phone*  
Jack Watson  
Jim McIntyre *attached*  
Secretary Schlesinger - *attached comments*

FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Cruikshank memo dated 10/14/77 re Need for Immediate  
Action to Meet Energy/Weather Problems of Elderly

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 11:00 AM

DAY: Monday

DATE: October 17, 1977

ACTION REQUESTED:

Other: ☒ Your comments

STAFF RESPONSE:

☐ I concur. ☐ No comment.  
Please note other comments below:

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

also to:

CSA  
California

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION  
FYI

<input type="checkbox"/>	MONDALE
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<input type="checkbox"/>	WATSON
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	ARAGON
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<input type="checkbox"/>	WARREN

THE WHITE HOUSE  
WASHINGTON

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✓	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
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		LIPSHUTZ
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		SCHULTZE

	ENROLLED BILL
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	CAB DECISION
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	PETERSON
	PETTIGREW
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	PRESS
✓	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

OCT 17 1977

MEMORANDUM FOR THE PRESIDENT

FROM: JIM MCINTYRE *Jim McIntyre*

SUBJECT: Comments on Nelson Cruikshank's Memo Concerning  
Energy/Weather Problems of Elderly

Mr. Cruikshank has recommended you seek higher funding for the Community Services Administration's energy conservation program in anticipation of a harsh winter. His memo suggests three efforts upon which we have the following comments:

- (1) Fuel Bill Payments -- In FY 1977 the Community Services Administration (CSA) received a \$200 million appropriation on a one-time basis to pay home fuel bills of the poor caused by last winter's weather. The program was sponsored by Senator Muskie without the Administration's endorsement. Only 80 percent of the appropriation was used for home fuel bill payments, primarily because administrative problems caused delays in obligating monies and western States did not need the funds due to their mild winter. Some midwestern States (e.g., Ohio and Indiana) also were only able to use about two-thirds of their grants for fuel bill payments. The remaining 20 percent of the appropriation was reallocated for home weatherization activities. There has not yet been an evaluation of the program's impact.
- (2) Weatherization -- Weatherization programs have been funded in FY 1978 for both CSA and the Department of Energy at \$65 million each. Both programs are delivered by community action agencies and give preference to the elderly poor. You decided that in FY 1979 the Department of Energy should be the sole administrator of weatherization.

- (3) Outreach -- Outreach is a primary feature of community action agencies for not only the Department's and CSA's weatherization programs but a variety of social service activities. Community action agencies employ 17,000 outreach workers.

We believe that both the weatherization and outreach efforts this year are sufficient. In addition, the Administration has proposed an HEW emergency assistance program to aid States in disaster situations such as severe winters. This proposal is advantageous over CSA's fuel bill payment program because it can be targeted to States in need and will be used only if an emergency actually exists. A major reason for the Administration and Congress emphasizing the one-time nature of the CSA effort last year was so as to not create the impression that the Federal Government will routinely subsidize winter home fuel costs in the future. We recommend the Administration renew its efforts to enact the emergency assistance program. If the CSA fuel bill payment program is refunded by the Congress, however, we would urge that the program be put on a contingency basis and that the targeting of funds be permitted.

THE WHITE HOUSE

WASHINGTON

October 17, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT

Stu

SUBJECT:

Nelson Cruikshank Memorandum on  
Programs to Meet Energy Needs of  
the Elderly

As Nelson Cruikshank's memo points out, the Department of HEW has submitted legislation to Congress (as provided in the National Energy Plan) which would authorize the Department to provide emergency assistance to low-income persons in need due to severe weather conditions through the existing state and local welfare system and, at state discretion, through local offices of the Community Services Administration.

As I understand it, Nelson is recommending that, since our bill is not moving in Congress, we endorse Senator Muskie's proposal to repeat last year's \$200 million appropriation to CSA for these purposes. As you know, that proposal contained a distribution formula that permitted even warm states, such as Hawaii, to share in the funds.

Recommendation

I am reluctant to recommend abandoning our proposal at this time. Before considering a change in position, I would recommend that you instruct Nelson and myself to work with HEW in an effort to revive the Administration proposal.



JWS h-cy  
MEMORANDUM

Date: October 14, 1977

## FOR ACTION:

~~Vice President~~ *Stu Eizenstat*  
Frank Moore  
Jack Watson  
Jim McIntyre  
Secretary Schlesinger

## FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Cruikshank memo dated 10/14/77 re Need for Immediate  
Action to Meet Energy/Weather Problems of ElderlyYOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 11:00 AM

DAY: Monday

DATE: October 17, 1977

## ACTION REQUESTED:

☒ Your comments

Other:

## STAFF RESPONSE:

☐ I concur.☐ No comment.

Please note other comments below:

The Department of Energy supports the three recommendations of the Federal Council on the Aging contained in Mr. Cruikshank's memorandum to the President. With regard to the first item, action is needed now to meet potential requirements of the coming winter. We note that as regards the second of these recommendations--continuation of the weatherization program--it is administration policy that the Department of Energy should have legislative responsibility for carrying out the weatherization program. It is our intent to utilize Community Action Agencies as the preferred grant recipients and agents at the local level in carrying out this program.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

10/20/77

Rick:

Grace Olivarez handed this to me today at this morning's meeting on the Boston Plan.

I have not reviewed it.

Jack Watson

Attachment - Memorandum to the President from Grace Olivarez, CSA regarding Cruikshank Memorandum on Need for Immediate Action to Meet Energy/Weather Problems of Elderly

THE WHITE HOUSE

WASHINGTON

October 27, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Jack Watson *Jack*  
SUBJECT: ENERGY/WEATHER PROBLEMS  
OF THE ELDERLY

I recommend that we support continued funding of CSA's energy conservation program (Section 222(a)(12) of the Economic Opportunity Act of 1964). I do so because the HEW Emergency Assistance Program, which is far sounder legislation, will not pass the Congress this Session and, in the absence of an alternative, will leave millions of poor people victim to another harsh winter.

I am persuaded that the safeguards of this year's version of Senator Muskie's legislation are adequate:

- This will be an a priori conditional set-aside of \$200-million;
- States are not automatically entitled to funds; an energy assistance emergency must be discovered and verified;
- Discretion for disbursement is left to the Administrator of CSA, subject to the following guidelines:
  - Specific criteria must be established for declaring an emergency and for allocating the funds;
  - The determination is to be made on a state-by-state basis, and the Administrator can target funds within a state;
  - Funds will revert to Treasury if not used.

Since this legislation is a stop-gap measure, this should be the last time we will have to take this sort of action. We will work with Joe Califano to assure prompt passage next year of his better approach to this continuing problem.

THE WHITE HOUSE  
WASHINGTON

October 31, 1977

Hamilton Jordan

The attached was returned in the  
President's outbox and is forwarded  
to you for appropriate handling.

Rick Hutcheson

RE: LETTER REGARDING ARTHUR BURNS

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
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		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
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	PETTIGREW
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	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

October 28, 1977

The Vice President  
Stu Eizenstat  
Hamilton Jordan  
Charles Schultze

The attached is forwarded to you for your  
information.

Rick Hutcheson

RE: REAPPOINTMENT OF ARTHUR BURNS

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

*Ham  
J*

October 27, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F. M.*

SUBJECT: ATTACHED LETTER REGARDING ARTHUR BURNS

I talked with Senator Russell Long today. He said that he tried to find Senator Javits to get his name off of the attached letter, but the letter had already gone.

Senator Long thinks that Henry Fowler, former Secretary of Treasury, would be a good replacement. Long thinks the business community would talk Fowler into taking the position.

Electrostatic Copy Made  
for Preservation Purposes

# United States Senate

WASHINGTON, D.C. 20510

October 25, 1977

*ack-FM*  
CONGRESSIONAL  
LIAISON

Dear Mr. President:

OCT 27 1977

*(cc: to PW/note from  
FM)*

We know that you will be giving consideration soon to the appointment of a Chairman of the Federal Reserve Board.

It is our considered judgment that, considering the present state of the national and world economy, it would be in the highest national interest to reappoint Dr. Arthur Burns, and we commend this course to you.

The term of the Chairman is four years, and we regard this as a likely span of time for the benefits of Dr. Burns reappointment to be fully realized for the country, without taxing him unduly.

We believe also that it will be most reassuring to central bank officials throughout the world, and to their governments, as well as to the United States economic community, should such reappointment be announced.

With best wishes, we remain

Sincerely,

*John Spaulding*  
*Jimmie Randolph*  
*James Long*  
*Cliff P. Long*  
*Chie Wilcox*

The Honorable Jimmy Carter  
The White House  
Washington, D.C.

*John Tower*  
*Howard Baker*  
*Chairman Math J.*  
*Sen. O. Roberts*



THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI
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/	WATSON
	LANCE
/	SCHULTZE

	ENROLLED BILL
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	PRESS
/	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

October 31, 1977

Secretary Schlesinger

The attached was returned in the President's outbox and is forwarded to you for appropriate handling.

Rick Hutcheson

cc: The Vice President  
Stu Eizenstat  
Jody Powell  
Jack Watson  
Charlie Schultze

RE: WHITE HOUSE CONFERENCE ON LABOR ISSUES  
IN THE COAL INDUSTRY



THE PRESIDENT HAS SEEN.

Department of Energy  
Washington, D.C. 20585

October 20, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES R. SCHLESINGER *JS*  
SUBJECT: WHITE HOUSE CONFERENCE ON LABOR ISSUES  
IN THE COAL INDUSTRY

On October 6, Ray Marshall, Cecil Andrus, and I proposed a White House Conference on labor and manpower issues in the coal industry to be held in late winter or spring of this year (Tab A). Charlie Schultze pointed out in his memorandum (Tab B) that there are many other vital public policy issues affecting the coal industry.

In your marginal note on Charlie's memorandum, you stated that you favored broadening the agenda and asked for an assessment of the issues Charlie listed. The issues are all matters of major concern which the Federal Government should be giving very high priority. However, many of them are not sufficiently well defined to make them appropriate for a White House Conference. A number of the issues are highly divisive and so such a conference likely would be counterproductive.

Another consideration is that a conference with the Governors is being planned for November. A major item on the agenda is production problems in the coal industry, and I would expect all of the questions on Charlie's list to be addressed. There probably will be a follow-on committee to continue exploration of these subjects. Therefore, it would seem best to await the outcome of the Governors' Conference before considering a White House Conference involving the broad range of topics that Charlie provided.

I continue to believe that a conference limited to labor and manpower problems in the coal industry would be useful. Public policy issues in this area are sufficiently well defined so that a White House Conference could be a force for unity rather than for division.

I again propose, therefore, a White House Conference along the lines outlined in the memorandum from Ray, Cece, and me and limited to labor and manpower matters. I propose that the broader issues that Charlie suggests be explored at the Governors' Conference in November and the follow-on activities to that conference. Following the Governors' Conference, the possibility of a broader-based meeting should be reconsidered.

SCHEDULE A WHITE HOUSE CONFERENCE  
LIMITED TO LABOR AND MANPOWER ISSUES  
IN THE COAL INDUSTRY

*Spring '78*

✓

*also*

SCHEDULE A CONFERENCE WITH A BROAD  
AGENDA

POSTPONE CONSIDERATION OF ANY  
WHITE HOUSE CONFERENCE UNTIL AFTER  
THE GOVERNORS' CONFERENCE

SCHEDULE A MEETING TO DISCUSS

*JC*

STAFF COMMENTS

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

INFORMATION

25 October 1977

TO: THE PRESIDENT  
FROM: RICK HUTCHESON *R.H.*  
SUBJECT: Comments on Schlesinger Memo

Secretaries Andrus and Marshall concur with Schlesinger. They suggest that the expanded agenda suggested by Charles Schultze would prove too divisive.

Eizenstat also concurs with Schlesinger.

Watson suggests that you postpone a decision until after November 4, so the subject can be evaluated in light of the progress of the Energy Conference Committee.

Schultze response to Schlesinger:

- The coal industry went through a bitter series of wildcat strikes this summer. The mineworkers are in the midst of a leadership struggle. There may be a long strike this winter. A White House Conference on labor issues in the coal industry is hardly the topic for White House involvement.
- The major unresolved issues about coal (mentioned in Schultze's earlier memo) are difficult, controversial, and cannot be addressed usefully at a Governor's Conference or at a White House Conference.
- Schultze recommends: that the White House Conference on Coal be replaced by a joint Energy-Labor-Interior conference, which addresses the critical issues at arms-length from the White House.
- Schultze suggests that you decide on how to proceed after the November Governors' conference; you will then have a better idea of the state of the energy bill, and the outlook for a coal strike.

A

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

October 12, 1977

cc: Cec. 1, Ray,

Jim-

Conference ok - I also  
think agenda  
should be broader -  
assess these ?'s -

J

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CRS by MW*

Subject: White House Conference on Coal

The issues affecting the coal industry in which the Administration should be interested are far broader than those indicated in the memo from Secretaries Andrus, Marshall and Schlesinger. Certainly, questions of labor-management relations and productivity growth in the industry are important and need to be fully exposed at any White House meeting. In addition, however, I would suggest that the following questions merit close attention:

- How has the industry been affected by Federal, state, and local government regulation of health and safety in the mines and of the industry's impact on the environment?
- Are there bottlenecks in the availability of labor or of transportation equipment and other capital equipment?
- What impact on the coal industry has resulted from restrictions on the burning of coal by utilities and other energy producers?
- What role should new technologies, such as synthetic fuels, play in the future?
- What new policies are needed to increase annual coal production and at the same time preserve our environment?
- Are there significant mine-site leasing problems? If so, how can they be rectified and at the same time be made consistent with broader social and environmental goals?



This agenda delves into more issues fundamental to our long-range policy toward the industry than the proposal now before you. For this reason, I would raise two further questions about the proposed White House conference:

1. In light of the urgency of these concerns and the need for thoughtful input from those attending such a conference, I wonder whether the format should be altered. White House conferences tend to attract considerable attention, but generally provide little substantive input to policy making. A less visible, but more productive format -- such as a conference on coal run by the Department of Energy -- might be more productive.
2. If this broader agenda is adopted for a White House conference, I believe that the Department of Energy is best equipped to develop the conference.



U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

OCT 6 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: SECRETARY OF LABOR, RAY MARSHALL *R.M.*

SECRETARY OF THE INTERIOR, CECE ANDRUS *CEA*

SECRETARY OF ENERGY, JIM SCHLESINGER *J.S.*

SUBJECT: Proposed White House Conference on Coal

Reasons for Conference

Recently you asked about the advisability of convening a White House conference on coal. We believe that a conference focused on increasing productivity in the coal industry would be of value. The conference could focus attention on coal production, especially actions labor and management could take to improve production.

Objectives of the Conference

1. Productivity

The conference should examine trends and current levels of production and develop goals for meeting the Nation's energy requirements. The conference should emphasize: (1) capital investment and technological innovations, and (2) the effects of environment and safety programs on production.

2. Industrial Relations

Industrial relations in the coal mine industry have long been troubled. The conference would afford an opportunity to examine key problems with labor and management. Problems such as grievance procedures and financing of health benefits might be alleviated with the assistance of Government labor relations officials and knowledgeable neutrals.

### 3. Labor Supplies

The conference could help industry and the Government develop a better understanding of the adequacy of labor supplies and training methods. This understanding could form the basis for joint efforts to improve the industry training systems.

#### Participants

Participation should be limited to labor and management representatives from the industry, selected public officials, and noted authorities on the coal industry's production or industrial relations problems.

#### Timing

The conference should be scheduled for late winter or early spring of 1978. Any animosity resulting from the negotiation of a new agreement by December 6, 1977 should have abated by that time. The coal industry's labor-management relationship is too volatile to permit a conference before late winter or early spring.

#### Planning

The conference should be a White House Conference. The three Secretaries signatory to this memorandum will have responsibility for coordinating the work of the Conference. The Department of Labor will be the lead agency for planning and scheduling, with responsibility as Executive Director assigned to Francis X. Burkhardt, Assistant Secretary for Labor-Management Relations. In carrying out that assignment, he will make use of the Deputies' Work Group on coal consisting of the following agencies:

Federal Energy Administration

Council of Economic Advisors

Department of Labor

Department of Interior

Federal Mediation and Conciliation Service

#### Decision boxes:

/ / Approved as outlined above.

/ / Disapproved.

/ / Schedule meeting to discuss.

THE WHITE HOUSE

WASHINGTON

Date: October 20, 1977

MEMORANDUM

FOR ACTION:

Jack Watson - attached - recommended  
md

FOR INFORMATION:

The Vice President  
Stu Eizenstat concur by phone  
Charles Schultze  
Landon Butler

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Schlesinger memo dated 10/20/77 re White House  
Conference on Labor Issues in the Coal Industry.

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Saturday

DATE: October 22, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: October 20, 1977

MEMORANDUM

## FOR ACTION:

Jack Watson

## FOR INFORMATION:

The Vice President  
Stu Eizenstat  
Charles Schultze  
Landon Butler

FYI

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Schlesinger memo dated 10/20/77 re White House  
Conference on Labor Issues in the Coal Industry.

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Saturday

DATE: October 22, 1977

## ACTION REQUESTED:

☒ Your comments  
Other:

## STAFF RESPONSE:

☐ I concur. ☐ No comment.  
Please note other comments below:

*TO FROM: JACK WATSON  
Bruce Kirsolabaum*

*Because many of these issues will probably be  
RAISED AT the Energy Conference in two weeks, we <sup>strongly</sup> recommend  
you postpone a decision on this issue until after November  
4<sup>th</sup>. Then we can evaluate the subject and make  
further recommendation.*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: October 22, 1977

MEMORANDUM

## FOR ACTION:

Secretary Andurs  
Secretary Marshall

## FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Schlesinger memo dated 10/20/77 re White House Conference  
on Labor Issues in the Coal Industry.YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 Noon

DAY: Monday

DATE: October 24, 1977

## ACTION REQUESTED:

☒ Your comments

Other:

## STAFF RESPONSE:

☐ I concur.☐ No comment.*Please note other comments below:***PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

October 25, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze C L S

Subject: White House Conference on Coal

A White House Conference on Coal, early next year, on labor-management issues, still strikes me as a hazardous enterprise.

- While the government might quietly help improve the labor-management situation, a highly visible White House Conference does not seem the best way to go about it.
- The coal industry went through a bitter series of wildcat strikes this summer -- literally with pitched battles in several regions. The mine workers are in the midst of a leadership struggle. There may be a long strike this winter. Hardly the topic for White House involvement.

In the longer run, everyone agrees that the critical issues are those mentioned in my earlier memo: government regulation, environmental constraints, synthetic fuels, leasing questions, and so forth. These are indeed issues that are complex and technical. But for this reason they cannot be usefully addressed at a Governors' conference, as Jim Schlesinger suggests in his latest memo.

I continue to think that there are major unresolved issues about coal, and the sooner we begin to address them on the Federal level the better. But most of the issues are very difficult ones that bring out strongly-held convictions. I question the desirability of putting them into a White House context. Therefore, I suggest that the White House Conference on Coal be replaced in favor of one jointly sponsored by Energy, Labor, and Interior, that can address the critical issues at arms-length from the White House.

You can easily decide on how to proceed after the November Governors' conference. At that time we will have a better idea of the state of our energy bill, the outlook for the coal strike, and will have reactions on the coal question from the Governors.



THE WHITE HOUSE  
WASHINGTON

Date: October 22, 1977

*Schlesinger was  
commented early  
P.m. 10/25*  
MEMORANDUM *B attached*

FOR ACTION:

Secretary Andrus *attached memo*  
Secretary Marshall *no comment reply*

*Watson - attached*  
*Schlesinger - attached*

FOR INFORMATION:

*exp 10/25 attached*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Schlesinger memo dated 10/20/77 re White House Conference  
on Labor Issues in the Coal Industry.

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 Noon

DAY: Monday

DATE: October 24, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: October 22, 1977

MEMORANDUM

FOR ACTION:

Secretary Andrus  
Secretary Marshall

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Schlesinger memo dated 10/20/77 re White House Conference  
on Labor Issues in the Coal Industry.

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 Noon

DAY: Monday

DATE: October 24, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

*Please note other comments below:*

1. Expanded Conference Agenda recommended by Charles Schultze may prove too divisive and therefore would retract objective No. 1 from October 6 Memo to the President on the Proposed White House Conference.
2. Concur with Secretary Schlesinger that proposed White House Conference be limited to industrial relations and manpower supply issues.
3. I anticipate active involvement in the Governors' Conference especially with regard to issues that may emerge at the industrial relations and manpower fields.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



# United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

October 24, 1977

## Memorandum

To: Rick Hutcheson, Staff Secretary  
The White House

From: Secretary of the Interior

Subject: Comment on Dr. Schlesinger's memorandum dated October 20, 1977, relating to the White House Conference on Labor Issues in the Coal Industry

I have reviewed the Secretary of Energy's memorandum relating to the White House Conference on Labor Issues. I fully concur with Dr. Schlesinger's analysis and recommendation. The conference, as recommended by Ray Marshall, Jim Schlesinger and myself, was intended to be a limited conference devoted to issues which could be easily defined and constructively discussed.

I do agree that there are other major issues relating to the coal industry. A broader conference, however, would require that all interested groups be invited. Such a conference at this time would, in my opinion, lead to confrontation rather than constructive new approaches.

*Leslie D. Andrews*

THE WHITE HOUSE

WASHINGTON

October 31, 1977

Jack Watson

The attached was returned in the  
President's outbox and is forwarded  
to you for appropriate handling.

Rick Hutcheson

RE: TIMBER PROBLEMS

LETTER FROM GOV. STRAUB

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
/		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

ROBERT W. STRAUB  
GOVERNOR

THE PRESIDENT AND SENATE



OFFICE OF THE GOVERNOR  
STATE CAPITOL  
SALEM 97310

October 31, 1977

*To J. Watson  
Expedite reply after  
consultation  
J*

President Jimmy Carter  
The White House  
Washington, D. C.

*Electrostatic Copy Made  
for Preservation Purposes*

Dear Mr. President:

It was an honor to meet and discuss with you some of the timber problems that exist in my state. Oregon is the largest producer of softwood lumber in the United States and as a result, problems that affect this industry and cause prices to go up, affect housing across the nation.

Patricia Harris of HUD has said that the price per home for lumber products has increased by \$1,000 since July, and has called for an investigation.

You can help this problem by stopping log exports out of the state of Oregon. Five hundred million board feet were exported last year. Our log supply is most inadequate to supply our mills, veneer plants and plywood companies with the logs they need. Some mills have closed down; many others are unwilling to work double shifts to meet the lumber demand because of the difficulty and uncertainty of obtaining logs.

The Export Administration Act of 1969 authorizes you to restrict exports when it is determined that the domestic requirements exceed domestic supply, or when exports have a significant impact on price. Both of these conditions apply in the export of logs from the state of Oregon.

I am enclosing a report from my Legal Counsel on this subject.

I think if exported logs are curtailed, we can encourage Japan to buy finished lumber, plywood, pre-cut housing and modular homes instead of the raw logs they now buy. This would significantly benefit our balance of trade with Japan.



"Under the change proposed by the Committee in this bill, it will no longer be necessary for foreign demand to be abnormal before export controls may be imposed. Instead, controls may be used when foreign demand results or will result in both an excessive drain of scarce materials and serious inflation. However, as at present, foreign demand must be a significant factor in present or prospective inflation in the economy before controls may be imposed." (1974, U.S. Code Congressional and Administrative News, p. 6234, at 6235).

2. The Senate Report on the Export Administration Amendments of 1974 emphasized the Committee's belief that the authority contained in the Export Administration Act should be used flexibly:

"[T]he Committee believes that the Executive Branch in the past has taken too rigid a view of that authority. It is not necessary that there presently be in existence a drain of scarce materials and serious domestic inflation. The Act expressly states that it is the policy of the United States to use export controls 'to the extent necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of abnormal foreign demand. . .'. Accordingly, it is not necessary that the economy actually be damaged before action can be taken." (1974 U.S. Code Congressional and Administrative News, p. 6235) (Emphasis added).

3. The federal law is directed toward "short-supply controls". According to the House Manager's Report, the managers insisted upon and prevailed in their position that the legislation in conference was for purposes of regulation and control, not for the purpose of trade expansion, and that the President continue to possess full authority to control exports for reasons of national security, foreign policy and short supply. (1969 U.S. Code Congressional and Administrative News, p. 2705 at 2717).

#### CONCLUSION:

The current level of log exports from Oregon has caused a shortfall -- an "excessive drain of scarce materials" having a "serious inflationary impact" upon the home construction/wood products sector within the meaning of the Export Administration Act of 1969 (as amended). If the Secretary of Commerce is not presently monitoring log exports, monitoring should be initiated.

The President has the power to prescribe rules and regulations for the curtailment of log exports from the Pacific Northwest.





## STATE OF OREGON

## INTEROFFICE MEMO

TO: Governor Straub

DATE: October 28, 1977

FROM: James M. Brown *MB*  
Legal Counsel

SUBJECT: Presidential Authority to Restrict Log Exports

## SUMMARY:

1. President has the power to prohibit or curtail exportation from the U.S. except under such rules and regulations as he shall prescribe. Pub. L. 91-84 (1969). 50 App. U.S.C.A., §2403(b)(1).
2. Congress intended that the power be used to protect the domestic economy from shortfalls -- from the excessive drain of scarce materials and to reduce the serious inflationary impact of foreign demand.
3. Congress intended that the power be used flexibly and in anticipation of scarcity and serious inflation.
4. Secretary of Commerce should monitor log exports when the volume contributes (or may contribute) to an increase in domestic prices or a domestic shortage, and such price increase or shortage has or may have, a serious adverse impact on the economy or any sector of the economy.

## ANALYSIS:

1. The Export Administration Act of 1969 (as amended) (Pub. L. 91-184) contains the following policy declaration:

"It is the policy of the United States to use export controls (A) to the extent necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of foreign demands. . ."  
50 App. U.S.C.A., §2402(2).

Amendments added to Pub. L. 93-500 (Export Administration Amendments of 1974) made clear the Congressional intent that it would not be necessary for foreign demand to be "abnormal" before export controls may be imposed. The Senate Report commented upon deletion of the word "abnormal" from the reference to "foreign demand":



President Jimmy Carter  
October 31, 1977  
Page 2

Finished goods have a greater value than raw logs. If we can persuade Japan to purchase finished goods, we will be exporting products of greater value. We can increase the amount of lumber available for domestic use, as well as improve our balance of trade with Japan.

I was deeply honored to have the opportunity to visit with you last week in Denver and on the flight from Denver to Los Angeles on Air Force One. Your ability to understand the broad range of interests this country faces, your warmth and integrity -- all make me proud to have you as our President.

Sincerely,

A handwritten signature in dark ink, appearing to read "R Reagan", written in a cursive style.

Governor

Enclosure

RWS:b

2:45 PM

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

C

MEMORANDUM TO THE PRESIDENT

FROM: LONDON BUTLER

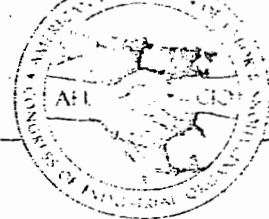
DATE: OCTOBER 31, 1977

SUBJECT: MEETING WITH GEORGE MEANY,  
LANE KIRKLAND  
2:45pm, October 31, 1977

In your meeting with George Meany and Lane Kirkland to discuss the ILO, you may also want to thank them for their supportive energy statement which Mr. Meany issued last week. A copy of the statement is attached; it should be read as the AFL-CIO's first step in extricating themselves from their previous position.

When a conference committee bill emerges that is satisfactory to you, Mr. Meany remains prepared to give it his full support.

Electrostatic Copy Made  
for Preservation Purposes



For Release:

IMMEDIATE USE, WEDNESDAY, OCTOBER 26, 1977

AFL-CIO President George Meany today urged the House and Senate conferees to take quick action on the President's energy plan. In a statement released today Meany said:

The energy situation is much too critical to allow it to become a political football. President Carter has recognized the seriousness of the situation and is to be commended for his efforts to rouse the nation on this matter.

We do not look upon energy as a parochial issue. The development of an energy program ought not to serve the special interest of any particular sector of society. It is a subject of national concern spanning all segments of society and affecting the well-being and security of the entire nation. Narrower interests must be compromised where necessary on issues of such overriding importance.

There are differences between the bills passed by the House and Senate. We differ with aspects of each and feel that neither version represents the ideal. We have already expressed our opposition to the crude oil equalization tax and the multibillion dollar tax credits for the benefit of energy producers.

We feel that neither house has dealt appropriately with the development of new and alternative sources of energy. We feel that neither house has dealt adequately with the import question. We would hope that in the near future both houses will direct their attention to these areas.

There are differences between the Senate and House-passed bills dealing with conservation, conversion, utility rate reform and natural gas prices. In our judgment the House bill is superior in these areas, but we are hopeful that the ultimate legislation will reflect:

- 1) Strong and mandatory conservation measures.
- 2) Mandatory measures for conversion of utility and industrial plants to coal, providing for severe penalties where conversion does not occur.
- 3) An effective mechanism for restructuring electric utility rates to allow for peakload pricing and elimination of declining block rates.
- 4) Continuation of controls on natural gas prices.

The launching of a strong energy program stressing both conservation and the development of alternative energy sources is a matter of the highest national priority. It is urgent that the best program possible be enacted at this time.

THE WHITE HOUSE  
WASHINGTON

rick--

f.y.i.--copies have been  
given to ham and jody.

-- susan

THE WHITE HOUSE  
WASHINGTON

Mr. President--

It's a shame more articles  
like this didn't appear  
during the difficulties...  
and moreso a shame that  
citizens either were unable  
to understand or unwilling.

-- Susan

cc: Jody  
Ham  
J

THE ATLANTA CONSTITUTION, Thur., Oct. 27, 1977

THE ATLANTA CONSTITUTION, Thursday, October 27, 1977

Another Voice/Lawrence B. Smith

# Did Press Stack Deck Against Lance?

WASHINGTON—As the press analyzes the Bert Lance denouement, it neglects key aspects of its own character that contributed to the event. Expert on stories about spread-eagled giraffes and complex arms-control talks, journalists have little feel for commercial matters and the corporate boardroom. Editorial rooms that monitor the national political scene lifted Lance's private affairs out of context, moved them forward in time and place and judged them as current events happening in Washington to a public official.

As a consequence, when they deserved nothing of the sort, Lance's business dealings were given a sinister cast.

Coverage by The Post is enlightening. Ombudsman Charles B. Seib, defending the press against a "bum rap," lists the salient charges: "... huge bank overdrafts, juggled loan collateral, misuse of correspondent accounts between banks and misuse of a company airplane."

No one denies Lance was vulnerable to criticism for his loose financial dealings at his Calhoun bank, but one hardly believes, when looking at it in the small-town, family-owned-bank context in which it occurred, this merited his being tarred and feathered and run out of Washington on a rail. Even the press, as Seib points out, left that story alone for months.

It was when the other matters popped up in succession that editors, confused about the facts and seeing sinister motives, began, no doubt, to feel these new revelations, coupled with the overdrafts, were showing a side of Lance's character he'd been able to conceal, even from his friends and associates, especially the President.

Just how distorted did these charges be-

come? Let's look at this statement by columnist Roger Rosenblatt as it appeared in The Post after Lance's Senate testimony:

"The business about Lance's telling officers of the Manufacturers Hanover Bank in New York that he would use a block of shares in the National Bank of Georgia as collateral on one loan while that same block of shares was sitting over in the Chemical Bank of New York as collateral on another loan, is worthy of the great wheeler-dealer men of history."

Most would agree that is an accurate statement of how the press, including The Post, portrayed that transaction.

But look at the facts. Lance didn't own that stock when he went to New York. That's what he needed the \$2.6 million for. He got the loan in June 1975 and agreed to put up the 148,000 National Bank of Georgia shares he was going to purchase as collateral. Which is what he did just as soon as the stock agent issued a new certificate in his name.

Months later, in October 1975, the board approved a 10 percent stock dividend. From this Lance got a new and different certificate, this one for 14,800 shares, or 10 percent of those being held at Manufacturers Hanover.

Almost one year after he'd made the big loan, Lance, in May 1976, borrowed \$150,000 from Chemical Bank (one-twentieth of the other) and put up this new dividend certificate as collateral.

Manufacturers Hanover had the contractual right to ask for it, and did. Lance, who believed he had a legitimate dispute over how Manufacturers Hanover was reinterpreting the loan agreement, had the right to refuse, and did. Manufacturers Hanover had the right to call the loan. It didn't. Lance had the right to pay it off

and go elsewhere. He did.

So Lance and others, like crusaders off to find the Holy Grail, set out to buy that 60 percent block, of which Lance took 16 percent. The whole affair was effectively a matter of bank policy, known to shareholders, directors, bank officers alike, all of whom were cheering him on.

The Washington press corps, in particular, accustomed as it is to exposing senators who ride on corporate jets, generals who fly military planes to academy football games and cabinet officers who hire personal chefs under clever cover stories, was conditioned to react to "revelations" about Lance in these terms.

A cutting Herblock cartoon asked, "Would you buy a used plane from this man?" calling attention to Lance's having paid \$80,000 for one he sold to National Bank of Georgia for \$120,000 is illustrative.

That airplane was part of arm's-length negotiations over his employment contract, as Lance had just testified. (Did Herblock think the bank's 30-man board of directors was asleep?)

It is incidental that Lance had spent \$33,000 on new engines, more on a new interior; that the Georgia bank, after two years' wear on those engines, still got \$117,000 for it.

If the many who know and admire Bert Lance cannot understand how he came to be painted as a go-go, wheeler-dealer banker, a portrait far removed from reality, I hope this will help explain it.

The writer, a businessman, is a former practicing attorney. His father, the late Harold D. Smith, was U.S. Director of the Budget, 1939-46.

THE PRESIDENT HAS SEEN.

9/

10/31/77  
12:25 p.m.

Mr. President--

Frank Moore came by to let you know that they have talked with Russel Long, who is for the gas guzzler and will support Percy if it looks like the votes are there. (Only 75 Senators were on the floor Saturday.)

If the votes are not there, Long will make a motion to table and then vote against his own motion to show that he supports the gas guzzler and agrees with the merits of the proposal and therefore will be able to bring it back from Conference.

(All of Jim Schlesinger's staff agree that we should not take a position on this....however Schlesinger himself does.)

--Susan

12:45 p.m.

The House and Senate Conferees adjourned today until after the vote on the Percy amendment.

**Electrostatic Copy Made  
for Preservation Purposes**

THE PRESIDENT HAS SEEN.

EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL ON ENVIRONMENTAL QUALITY  
722 JACKSON PLACE, N. W.  
WASHINGTON, D. C. 20006

October 31, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren  
Gus Speth  
Marion Edey

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for Preservation Purposes

SUBJECT: Administration Policy on Domestic Nuclear Power

There are increasing expressions by environmental leaders, the media and representatives of the energy industry that Administration policy on domestic nuclear power is moving in a direction substantially different from that which you articulated during the campaign.

The campaign statements pointed to by environmentalists and others stressed that nuclear power would be used "only as a last resort with the strictest possible safety precautions" and that dependence on nuclear power "should be kept to the minimum necessary to meet our needs [and that] we should apply much stronger safety standards as we regulate its use." You also called for a shift "to the greatest feasible reliance on renewable resources."

Those who question the Administration's commitment to these policies point to actions such as the following:

- Numerous nominees to top positions in DOE and NRC are strong promoters of nuclear power development. Two of these -- Robert Thorne (who would control DOE's research, including solar) and Kent Hansen (NRC) -- have engendered opposition campaigns by environmental organizations;
- DOE officials have not moved to address issues concerning the safety of nuclear power reactors and their waste products which you addressed in the campaign but have developed two major proposals to facilitate nuclear power growth (expediting the licensing process and taking title to spent fuel);
- Public statements by DOE officials have tended to put aside waste storage and reactor safety as legitimate public concerns and to call for large expansions of LWR capacity beyond that on line or under construction today.

Our concern is that if present trends continue two results are likely:



- the Administration will be increasingly challenged for departing from campaign promises and will face an open split with an important segment of the strong environmental constituency you had during the campaign, and
- serious unresolved problems associated with the LWR fuel cycle and the need to develop renewable energy resources will not receive the attention they deserve.

DOE officials apparently desire to pursue a two-pronged nuclear strategy: opposition to plutonium but, as a tradeoff, strong support for LWR's operating on a once-through cycle. In our judgment the strategy as currently implemented pays too little attention to LWR safety and security, to waste management, and to ensuring that adequate national resources are devoted to solar and soft path options.

As an alternative, we recommend a nuclear power policy

- that is neither pro-nuclear nor anti-nuclear;
- that balances any measures which enhance nuclear prospects with measures which respond to the public's concerns about the safety of nuclear power and the integrity of the licensing process (a list of CEQ suggestions in this regard is attached); and
- that recognizes the need to continue to rely on nuclear power but defers any major expansion in that reliance until greater public acceptability is achieved.

You will have several important opportunities in the near future to clarify the Administration's nuclear power policy if you consider it appropriate.

- ° Make a statement at the upcoming White House Governor's Energy Conference that corrects the impression that we have done an about-face on nuclear power policy since the election.
- ° If the Hansen nomination is withdrawn, nominate to the NRC a person whose commitment to the Administration's nuclear policy is unquestioned and who will be seen by both the nuclear industry and citizen groups as fair and acceptable. The remaining DOE appointments will also be important indicators of Administration policy.
- ° Submit legislation to Congress that deals affirmatively with the unresolved nuclear safety issues and related public concerns (as in the attachment) and that supports effective public participation in the NRC licensing process.
- ° Submit a FY 1979 Budget to the Congress that supports the Administration's policy of emphasizing solar energy and renewable energy sources.

### Attachment

The following are examples of measures that could be taken to enhance nuclear safety and respond to public concerns:

- ° require that the NRC or a state, as appropriate, find that no feasible solar or conservation alternative to a proposed nuclear plant exists in order to grant a new construction permit. This requirement could be extended to central station fossil plants as well;
- ° set a reasonable but near-term deadline by which the NRC or other independent body, after an intensive public proceeding, must determine if it can make a definitive finding of safety with regard to the management of high-level radioactive wastes. If such a finding cannot be made, the issuance of new construction permits for nuclear power plants would be deferred until safe, long-term containment were assured;
- ° authorize the states to set stricter environmental, health and safety standards in the nuclear power area;
- ° require positive steps to upgrade reactor safety assurances, including, for example, more strict siting criteria and a directive to the Commission to address systematically the unresolved health and safety issues identified by the Advisory Committee on Reactor Safeguards and others on a definite schedule; and
- ° establish procedures to open up NRC decisionmaking and ventilate dissenting staff views on technical issues.

STAFF COMMENTS

THE WHITE HOUSE

WASHINGTON

November 9, 1977

MEMORANDUM FOR THE PRESIDENT

FROM                   STU EIZENSTAT *Stu*  
                      KITTY SCHIRMER

SUBJECT               Warren memo of 10/31 on Domestic Nuclear  
                      Policy

Charlie Warren's memo reiterates some of the general concerns which were raised in your meeting with environmental representatives last week. His memo mentions two particular program items which deserve additional comment.

1. The nuclear Licensing Reform Legislation

The nuclear licensing reform bill is currently in inter-agency review. There are still a number of issues which have not been resolved, among them, delegation of certain National Environmental Policy Act requirements to the states, the timing and nature of mandatory hearing requirements, and the roles of DoE and the Nuclear Regulatory Commission in establishing licensing schedules and program requirements. We are participating in an effort, chaired by OMB, to try to work out these differences. CEQ and all other interested agencies have been represented at these meetings, and several of the concerns listed in the attachment to the Warren memo have been discussed. While we would hope to resolve as many of these issues as possible at the agency level, it is likely that several of these questions will ultimately be forwarded to you for decision.

2. Nuclear Waste Disposal

It is clear that the nuclear waste disposal program has suffered from a number of inherited shortcomings. Schlesinger's staff has indicated that they intend to take a good hard look at this program. This area will also be reviewed carefully in the course of developing FY 1979 budget recommendations. At this time, we do not believe that the deadline/moratorium scheme which CEQ proposes is necessary. The waste disposal issue, however, is one which requires close attention.


Some of the other concerns raised in the Warren memo, for example, the solar and renewable resources budget, will be carefully reviewed in this year's budget process. We share CEQ's concern that these programs be properly funded and well structured.

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

INFORMATION

10 November 1977

TO: THE PRESIDENT  
FROM: RICK HUTCHESON   
SUBJECT: Other Staff Comments

Frank Press thinks CEQ's case is overstated:

- o an efficient NRC licensing process is not inconsistent with using nuclear energy as a last resort;
- o some items which are objectionable to environmentalists are necessary for non-proliferation reasons (e.g., taking title to spent fuel, R&D on alternate fuel cycles); and
- o the memo doesn't mention the President's stand on Clinch River, non-proliferation, etc.

OMB agrees with the general nuclear power policy recommended by CEQ, but observes that the memo does not address steps the Administration has taken with regard to nuclear safety. The measures suggested by CEQ probably require legislation for their implementation, and should be coordinated through the normal legislative clearance process.

Schlesinger comments: "There are some who wish to remove the nuclear option from the Nation's energy mix. Early this year, however, the President endorsed a compromise position on nuclear power which in fact is neutral... The CEQ memo would in fact attempt to reverse this compromise and move toward a policy which is not neutral, but which effectively would preclude the use of light water reactors from the nation's energy supply. The Department is indifferent as to the choice of the Nation's utilities between coal-fired and nuclear-powered facilities. But this neutrality, which represents Administration policy, can only be meaningful if those utilities have a fair opportunity to choose between coal and nuclear. The position of CEQ in effect would deny them that choice by further encumbering an already encumbered process."

THE WHITE HOUSE

WASHINGTON

*Thurs pm Nov 32*

Date: October 31, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat  
Hamilton Jordan *NC*  
Jack Watson

Secretary Schlesinger *- attached*  
**FRANK PRESS** - *attached*

FOR INFORMATION:

The Vice President  
Jody Powell  
Jim McIntyre *attached*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Warren memo dated 10/31 re Administration Policy on  
Domestic Nuclear Power

ADMINISTRATIVELY CONFIDENTIAL

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Wednesday

DATE: November *9*, 1977

ACTION REQUESTED:

☒ Your comments

Other:

*get comments  
on time*

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

*633  
11-3-77 7029  
STU's  
comments  
will be due  
Nov 9  
OK of Charles Warren*

*get SE  
comment*

*from Kathy Turner 9/11/77*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: October 31, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat  
Hamilton Jordan  
Jack Watson  
Secretary Schlesinger

FOR INFORMATION:

The Vice President  
Jody Powell  
Jim McIntyre

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Warren memo dated 10/31 re Administration Policy on  
Domestic Nuclear Power

ADMINISTRATIVELY CONFIDENTIAL

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Wednesday

DATE: November 2, 1977

ACTION REQUESTED:

☒ Your comments

Other:

*See attached memo from  
Mr. Schlesinger*

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

*13*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL ON ENVIRONMENTAL QUALITY  
722 JACKSON PLACE, N. W.  
WASHINGTON, D. C. 20006

October 31, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren *Charles Warren*  
Gus Speth  
Marion Edey

SUBJECT: Administration Policy on Domestic Nuclear Power

There are increasing expressions by environmental leaders, the media and representatives of the energy industry that Administration policy on domestic nuclear power is moving in a direction substantially different from that which you articulated during the campaign.

The campaign statements pointed to by environmentalists and others stressed that nuclear power would be used "only as a last resort with the strictest possible safety precautions" and that dependence on nuclear power "should be kept to the minimum necessary to meet our needs [and that] we should apply much stronger safety standards as we regulate its use." You also called for a shift "to the greatest feasible reliance on renewable resources."

Those who question the Administration's commitment to these policies point to actions such as the following:

- Numerous nominees to top positions in DOE and NRC are strong promoters of nuclear power development. Two of these -- Robert Thorne ( who would control DOE's research, including solar) and Kent Hansen (NRC) -- have engendered opposition campaigns by environmental organizations;
- DOE officials have not moved to address issues concerning the safety of nuclear power reactors and their waste products which you addressed in the campaign but have developed two major proposals to facilitate nuclear power growth (expediting the licensing process and taking title to spent fuel);
- Public statements by DOE officials have tended to put aside waste storage and reactor safety as legitimate public concerns and to call for large expansions of LWR capacity beyond that on line or under construction today.

Our concern is that if present trends continue two results are likely:

- the Administration will be increasingly challenged for departing from campaign promises and will face an open split with an important segment of the strong environmental constituency you had during the campaign, and
- serious unresolved problems associated with the LWR fuel cycle and the need to develop renewable energy resources will not receive the attention they deserve.

DOE officials apparently desire to pursue a two-pronged nuclear strategy: opposition to plutonium but, as a tradeoff, strong support for LWR's operating on a once-through cycle. In our judgment the strategy as currently implemented pays too little attention to LWR safety and security, to waste management, and to ensuring that adequate national resources are devoted to solar and soft path options.

As an alternative, we recommend a nuclear power policy

- that is neither pro-nuclear nor anti-nuclear;
- that balances any measures which enhance nuclear prospects with measures which respond to the public's concerns about the safety of nuclear power and the integrity of the licensing process (a list of CEQ suggestions in this regard is attached); and
- that recognizes the need to continue to rely on nuclear power but defers any major expansion in that reliance until greater public acceptability is achieved.

You will have several important opportunities in the near future to clarify the Administration's nuclear power policy if you consider it appropriate.

- ° Make a statement at the upcoming White House Governor's Energy Conference that corrects the impression that we have done an about-face on nuclear power policy since the election.
- ° If the Hansen nomination is withdrawn, nominate to the NRC a person whose commitment to the Administration's nuclear policy is unquestioned and who will be seen by both the nuclear industry and citizen groups as fair and acceptable. The remaining DOE appointments will also be important indicators of Administration policy.
- ° Submit legislation to Congress that deals affirmatively with the unresolved nuclear safety issues and related public concerns (as in the attachment) and that supports effective public participation in the NRC licensing process.
- ° Submit a FY 1979 Budget to the Congress that supports the Administration's policy of emphasizing solar energy and renewable energy sources.

### Attachment

The following are examples of measures that could be taken to enhance nuclear safety and respond to public concerns:

- ° require that the NRC or a state, as appropriate, find that no feasible solar or conservation alternative to a proposed nuclear plant exists in order to grant a new construction permit. This requirement could be extended to central station fossil plants as well;
- ° set a reasonable but near-term deadline by which the NRC or other independent body, after an intensive public proceeding, must determine if it can make a definitive finding of safety with regard to the management of high-level radioactive wastes. If such a finding cannot be made, the issuance of new construction permits for nuclear power plants would be deferred until safe, long-term containment were assured;
- ° authorize the states to set stricter environmental, health and safety standards in the nuclear power area;
- ° require positive steps to upgrade reactor safety assurances, including, for example, more strict siting criteria and a directive to the Commission to address systematically the unresolved health and safety issues identified by the Advisory Committee on Reactor Safeguards and others on a definite schedule; and
- ° establish procedures to open up NRC decisionmaking and ventilate dissenting staff views on technical issues.

Date: October 31, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat  
Hamilton Jordan NC  
Jack Watson  
Secretary Schlesinger

FRANK PRESS

FROM: Rick Hutcheson, Staff Secretary

FOR INFORMATION:

The Vice President  
Jody Powell  
Jim McIntyre

SUBJECT: Warren memo dated 10/31 re Administration Policy on  
Domestic Nuclear Power

ADMINISTRATIVELY CONFIDENTIAL

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Wednesday

DATE: November 2, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

The thrust of the memo calling for a balanced view of nuclear energy and more attention to waste disposal and safety is clearly desirable. However, the case is overstated for the following reasons:

- 1) Memo is very selective. Nowhere is there mention of the President's strong stand on Clinch River, non-proliferation and his speech to the International Fuel Cycle Conference.
- 2) Some of the items that may be objectionable to environmentalists are necessary for non-proliferation reasons; e.g. taking title to spent fuel, R&D on alternate fuel cycles.
- 3) CEQ criticism of inattention to soft energy technology R&D and waste disposal problem is valid for ERDA and the past Administration; the new DOE has yet to develop its program. Preliminary indications show a better balance between hard and soft energy approach, and positive movement on waste disposal problem.
- 4) An efficient NRC licensing process and licensing of new applications are not inconsistent with using nuclear as a last resort.

*FP*  
Frank Press  
11/2/77

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

*Received 10:25 11/2  
Put in Rick's office  
advised.  
get comments  
on time*



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

November 2, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: JAMES MCINTYRE *W. B. (for)*  
SUBJECT: Council on Environmental Quality  
Memorandum on Domestic Nuclear Policy

OMB agrees with the general nuclear power policy recommended by CEQ. We do feel, however, that the general terms used to describe this policy by CEQ need better definition in order for them to be meaningful. We further feel that the memorandum does not address steps your Administration has already taken with regard to nuclear safety nor does it represent an Administration consensus on required further steps.

The Administration has already taken significant steps to improve nuclear reactor safety, e.g., mandatory reporting of mishaps and component failures, increased unannounced inspection, and permanent Federal inspectors assigned to reactors. The memorandum also fails to mention the potential improvements in national security that will follow this Administration's indefinite deferral of plutonium reprocessing.

The attachment to the memorandum gives specific examples of measures that could be taken to implement the recommended policy for nuclear safety. These do not in all cases represent a consensus Administration view, e.g., the deferral of all new nuclear plant construction permits pending a definitive finding of high-level radioactive waste management safety.

The measures suggested by CEQ would probably require legislation for their implementation. A number of these measures are included in the draft Nuclear Power Plant Siting bill. Any additional proposed legislation can be coordinated through the normal legislative clearance process.


Since many nuclear issues will be resolved in the FY 1979 budget formulation process, we feel that the Administration will be in a position to announce a domestic nuclear policy early next year.



Department of Energy  
Washington, D.C. 20585

November 2, 1977

MEMORANDUM FOR: RICK HUTCHESON  
STAFF SECRETARY  
THE WHITE HOUSE

FROM: JAMES R. SCHLESINGER 

SUBJECT: CEQ MEMORANDUM ON THE ADMINISTRATION  
POLICY ON DOMESTIC NUCLEAR POWER

National energy policy is based on conservation, increased use of coal, and emphasis on renewable resources, with nuclear power as a "last resort" before imported oil. However, nuclear power must still generate an increasing share of U.S. electricity.

The nuclear power issue has been and continues to be a difficult and emotional one. There are some who wish to remove the nuclear option from the nation's energy mix. Early this year, however, the President endorsed a compromise position on nuclear power which in fact is neutral. It is based upon expanded use of light-water reactors, but with increased attention to safety and reliability, and recognizes that steps are necessary to insure that nuclear power remains an option. The CEQ memo would in fact attempt to reverse this compromise and move toward a policy which is not neutral, but which effectively would preclude the use of light water reactors from the nation's energy supply.

The Department is indifferent as to the choice of the nation's utilities between coal-fired and nuclear-powered facilities. But this neutrality, which represents Administration policy, can only be meaningful if those utilities have a fair opportunity to choose between coal and nuclear. The position of the CEQ in effect would deny them that choice by further encumbering an already encumbered process.

The dangers in pursuing this course seem clear. Even if, by the year 2000, the United States can

1. reduce the rate of annual energy growth to two percent,
2. produce two-thirds of oil and gas currently supplied,
3. triple coal consumption,
4. attain significant contributions from hydroelectric, solar, and geothermal energy, and
5. reduce imports to four million barrels of oil per day,

then, light water reactors still would be required to contribute the equivalent of approximately 14 million barrels of oil per day. This equates to 380 nuclear facilities compared with the 65 currently operational.

The Administration has already taken positive actions in the areas of uranium availability, improved reactor safety, restrictions on the availability of plutonium, international proliferation and waste management. Further improvements--particularly in the waste management and plant decommissioning area--can and will be made. Progress on unresolved issues can safely and effectively proceed in parallel with necessary increases in nuclear facility construction.

A major action remaining is to improve the planning, siting, and licensing process to reduce the severe constraints against the use of nuclear power that exist even in those cases when it is needed and environmentally sound.

This nuclear licensing legislation is necessary as an efficiency measure to make more rational a process that has been cumbersome and which has been used to attempt to bring licensing of nuclear power plants to a halt. The legislation strongly recognizes the need for strict adherence to safety standards, but not the need for repeated, non-productive review of identical design issues which could have been settled previously with full public participation. It strongly supports maintenance of high environmental standards, without needlessly tying up the licensing process through repetitive review of issues capable of full and early resolution. In short, it will enable a rational choice

be made between coal and nuclear power, which the President has endorsed as our two principal short- to medium-term options for electric power generation.



57 Date: October 31, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat  
~~Hamilton Jordan~~ N  
Jack Watson  
Secretary Schlesinger

FOR INFORMATION:

The Vice President  
Jody Powell  
Jim McIntyre

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Warren memo dated 10/31 re Administration Policy on  
Domestic Nuclear Power

ADMINISTRATIVELY CONFIDENTIAL

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Wednesday

DATE: November 2, 1977

ACTION REQUESTED:

☒ Your comments  
Other:

STAFF RESPONSE:

☐ I concur.  
Please note other comments below:

☒ No comment.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.


If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

3 November 1977

MEMO FOR BERT CARP & JOANNE HURLEY

FROM:

RICK HUTCHESON 

SUBJECT:

Charles Warren Memo, "Administration  
Policy on Domestic Nuclear Power"

Charles Warren has agreed to give you additional time to work on his memo. New due date: 9:00 AM, Wednesday, November 9. Thanks.



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

November 2, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: JAMES MCINTYRE *W. Lawrence R. (for)*  
SUBJECT: Council on Environmental Quality  
Memorandum on Domestic Nuclear Policy

OMB agrees with the general nuclear power policy recommended by CEQ. We do feel, however, that the general terms used to describe this policy by CEQ need better definition in order for them to be meaningful. We further feel that the memorandum does not address steps your Administration has already taken with regard to nuclear safety nor does it represent an Administration consensus on required further steps.

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The measures suggested by CEQ would probably require legislation for their implementation. A number of these measures are included in the draft Nuclear Power Plant Siting bill. Any additional proposed legislation can be coordinated through the normal legislative clearance process.

Since many nuclear issues will be resolved in the FY 1979 budget formulation process, we feel that the Administration will be in a position to announce a domestic nuclear policy early next year.



Department of Energy  
Washington, D.C. 20585

November 2, 1977

NOTE TO RICK HUTCHESON

Attached are James R. Schlesinger's comments regarding Charles Warren Memorandum dated October 31, 1977, subject "Administration Policy on Domestic Nuclear Power.

Should you have any questions please contact me directly.

Thanks.

A handwritten signature in black ink, appearing to be "F. Pagnotta", is written above the printed name.

Frank R. Pagnotta

Attachments

5

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA

v.

RICHARD M. HELMS

Criminal Case No. \_\_\_\_\_

Violation: 2 U.S.C. §192  
(Refusal of a  
Witness to Testify)

STATEMENT OF FACTS

The following statement sets forth the factual basis for the charges contained in this Information.

On February 17, 1973, Richard M. Helms appeared before the Senate Foreign Relations Committee in connection with his nomination to be Ambassador of Iran. During that hearing, he was asked questions about the involvement of the Central Intelligence Agency in efforts to prevent Salvador Allende Gossens from becoming President of Chile. Helms failed to answer those questions fully, completely and accurately as required by law.

On March 6, 1973, Richard M. Helms again appeared before the Senate Foreign Relations Committee. On this occasion, his appearance was in connection with that Committee's inquiry into allegations that the Central Intelligence Agency and/or the International Telephone and Telegraph Corporation had attempted to influence the presidential campaign and elections in Chile in 1970. During that hearing, Helms was asked questions about his knowledge of United States Government policy with respect to the 1970 Chilean presidential elections. Again, Helms failed to answer those questions fully and completely as required by law.

Between March and September 1970 the Central Intelligence Agency carried out a covert operation approved by the 40 Committees of the National Security Council which operation was intended to prevent the election of Salvador

Allende as President of Chile on September 4, 1970.

As part of the covert operation, the Central Intelligence Agency funded and engaged in propaganda activities designed to reduce the number of votes for Allende in the September 4 election. The Central Intelligence Agency also funded directly or indirectly various individuals and groups in Chile opposed to the election of Allende.

From July through September 1970 Central Intelligence Agency officers met on several occasions with officers and employees of ITT and discussed the Chilean presidential campaign. These meetings occurred in the United States and in South America, and in the discussions the CIA officers learned that ITT was interested in supporting certain political opponents of Allende, and the CIA officers provided information relating to this funding to the ITT officers and employees.

Following the September 4, 1970 election in which Allende won a plurality of the votes, the Central Intelligence Agency undertook a propaganda effort aimed at preventing an Allende government, and on September 15, 1970, Richard Helms was directed by the President to prevent Allende from coming to power or to unseat him, and to carry out that mission without coordinating with the Departments of State or Defense.

In the period leading up to the October 24, 1970, run-off election in the Chilean congress to select the Chilean president, the CIA conducted an extensive propaganda campaign and political action program to prevent Allende's election by the Congress. During this same period the CIA expanded and intensified its other covert operations.

Richard Helms knew at the time he testified that in 1970 the CIA carried out a covert operation approved by the Forty Committee to prevent Allende from winning the September 4, 1970 Chilean presidential election.

Mr. Helms also knew at the time he testified that the Forty Committee had approved actions and money to prevent Allende's selection in the October 24, 1970 run-off election and to encourage by economic pressure and other means action by the Chilean military to prevent Allende's accession to the presidency.

The Department of Justice has determined that the disposition of this matter by means of a nolo contendere plea to the Two Count Information filed herein and agreement as to the suspension of the minimum sentence and the imposition of a fine is fair and just for the following principal reasons:

The trial of this case would involve tremendous costs to the United States and might jeopardize national secrets.

Mr. Helms has had a most distinguished career and has performed outstanding services to the United States Government during the course of that career.

The Department has considered the policy and law expressed in federal cases and statutes that where testifying before a legally constituted Governmental proceeding, a witness must testify forthrightly as to material matters, and neither false nor inaccurate nor incomplete nor evasive testimony is available as a lawful alternative under any circumstances.

It is Helms' position that he was bound by the statutory responsibility imposed on the Director of Central Intelligence by the National Security Act of 1947 to protect intelligence sources and methods from unauthorized disclosure. Helms also felt bound by the oath that he signed on his departure from the CIA not to divulge, publish or reveal any classified information or any information concerning CIA operations to any unauthorized person. At the time of his testimony, Helms had not been authorized to reveal confidential information concerning American policy in Chile.

THE WHITE HOUSE  
WASHINGTON  
October 31, 1977

Charles Schultze

The attached was returned in  
the President's outbox. It is  
forwarded to you for your  
information.

Rick Hutcheson  
cc: Zbig Brzezinski  
RE: POLICY IMPLEMENTATION OF  
SUMMIT FOLLOW-UP

CONFIDENTIAL ATTACHMENT



THE WHITE HOUSE  
WASHINGTON

*Carp*

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

CONFIDENTIAL GDS

THE WHITE HOUSE

6842

WASHINGTON

INFORMATION

October 27, 1977

cc Schultze

MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY OWEN *HO**J*

SUBJECT: Policy Implications of Summit Follow-Up

I sent you recently a memo describing the International Summit Group's follow-up meeting and report. I have since been discussing with some of my foreign colleagues what the implications of this report are for their countries' policies. It suddenly occurred to me that I should also be worrying about what the implications are for US policy. They are twofold:

1. We should take early steps to assure strong US growth in 1978. The Summit Group's discussion brought out that if US growth falters, the weak countries (UK, France, and Italy) will be tempted to give up painful stabilization programs, and the strong countries (Japan and Germany) will do less to achieve growth and to reduce their surpluses than they might have done otherwise. Timing is important: The sooner it becomes clear that US policies will be such as to produce a strong US 1978 growth, the more likely other countries are to be influenced by that prospect in shaping their own 1978 policies.

2. We should make greater efforts to improve the trade-off between inflation and unemployment. The Summit Group's discussion kept coming back to the fact that most of the industrial countries have unacceptable levels of inflation, and that fears of inflation hinder the efforts of all these countries to reduce unemployment. If the US could show the way in reducing inflation while pursuing steady growth, it would have made an enormous contribution to the economic prospects and confidence of the industrial world. I have a simple-minded suggestion: Why not tell your chief economic advisors that you find 6% inflation unacceptable, and want a report from them as to the actions that would be needed to bring it substantially lower by 1980. The measures they propose may turn out to be politically infeasible, but that's a decision only you can make. Whether we can get inflation below 6% will do as much as anything else to shape domestic and international economic prospects, and it is not clear that this is going to happen by itself.

CONFIDENTIAL GDS~~CONFIDENTIAL~~11/17/80 *J*